EDC TODAY

Atlantic Canada
Riding the tide of change

Servicing international markets

India: Asia's beckoning jewel

Indonesia: Asia's economic powerhouse of the future

FALL 1995

EDC TODAY

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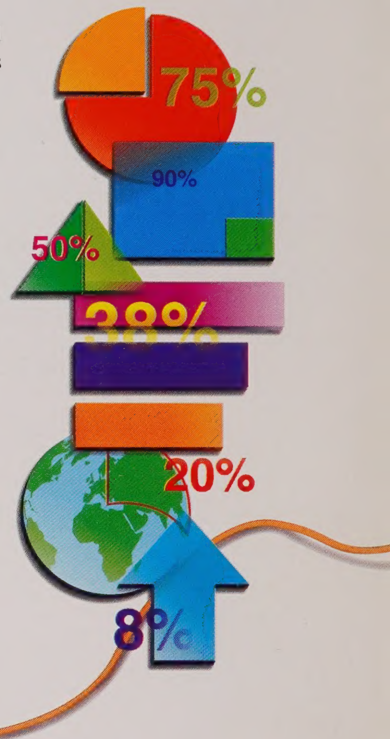

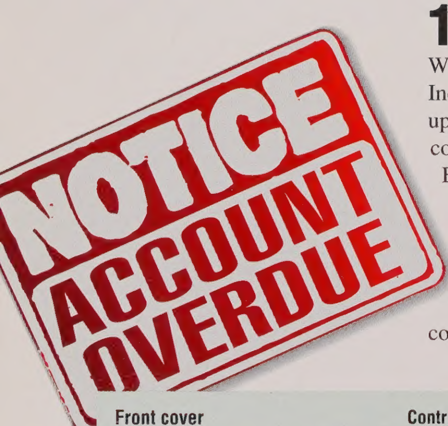

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Lobster boat leaving wharf at dawn (Eastern Passage, Nova Scotia).

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EDC is a customer-driven financial services corporation dedicated to helping Canadian business succeed in the global marketplace. EDC provides risk management services, including insurance, financing and guarantees, to Canadian companies and their global customers.

The editor welcomes signed letters of comment on articles that appear in **EDC TODAY** or on events and issues related to the Canadian export industry. All letters will be considered for publication and may be edited to meet the magazine's style and space requirements.

Ce document est également disponible en français.

Handle with care

Choosing the right packaging for your export receivables can be key to keeping your customers happy.

Selling a product abroad opens the door to a vast array of export options, including packaging. Making the right export packaging decisions is critical not only to securing an expanded market share but to getting paid for the shipment.

Jim Moore, Vice-President, Policy, for the Canadian Exporters' Association, says exporters must evaluate their packaging options at the outset of the marketing planning process, particularly regarding costs.

Export packaging can represent a high percentage of a product's cost. Packaging and freight costs can easily exceed the cost of the product being shipped if it's a low-value item. "If a product is not economically feasible to ship, it won't sell," says Moore.

Packaging costs are as varied as the types of packaging available. Exterior packaging may consist of wooden crates, corrugated paper boxes, drums for liquids, barrels, pallets with shrink wrap, and strapping. For bulk cargo, such as grains, the container itself can be the package.

Interior packaging materials needed to reduce internal shifting of the cargo may be bubble wrap, quilted paper, polystyrene shells or chips, straw or popcorn.

In today's highly competitive global marketplace, shaving packaging costs whenever possible can be pivotal to clinching the sale. This is not to say, however, that exporters should attempt to cut corners on packaging at any cost.

Money put into logistical-related research, such as packaging, can return proportionately greater cost savings than money invested in product development.

Essential considerations

When shipping a product, it is essential to keep in mind the following:

- The product's size, shape, weight, value and degree of fragility.
- Modes of transport.
- Methods of handling.
- Climatic transportation conditions.
- Dangerous goods have specific packaging rules of their own.
- Labeling and packaging regulations in country of transshipment and origin.
- Reduce the risk of pilferage by shipping the product in a container. In the case of valuable goods, use codes rather than descriptions on the labels, if possible.
- Plan your stowage to maximize the amount of cargo that can fit safely and tightly inside the container. Block and brace where necessary.

Saving a few bucks today can sometimes cost a company big bucks tomorrow. "For instance, if a shipment is damaged in transit, the exporter risks not being paid," says Jean Beaulieu, an EDC insurance underwriting specialist.

"Also, if the shipment has not been packaged properly, your freight insurer may not pay the damage claim," he adds. There is a specific clause in marine policies, for instance, which excludes cover for loss, damage or expense caused by insufficient or unsuitable packaging.

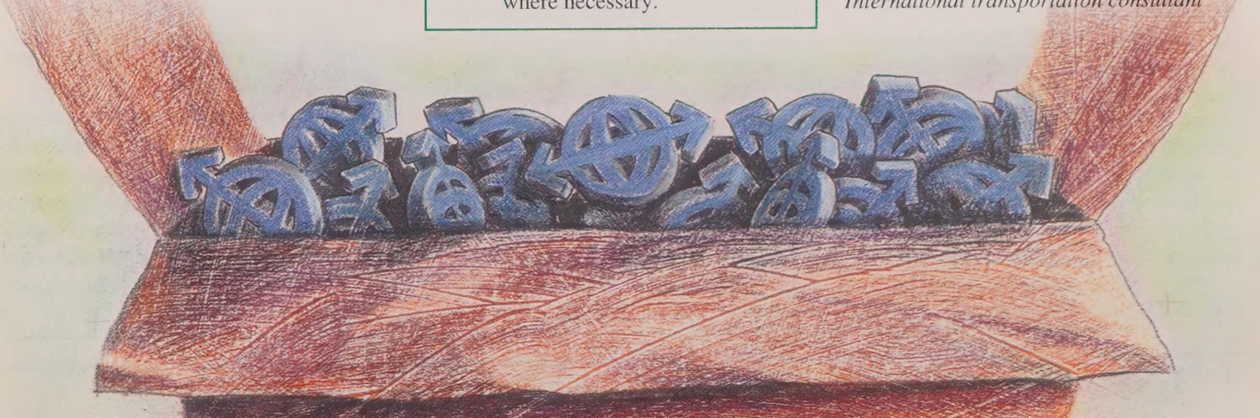
Perhaps even more serious is the loss of future export sales. A shipment arriving in poor condition may adversely affect the exporter's image and may result in disputes with the buyer. "At the very least," says Beaulieu, "this will delay payment for the merchandise."

Emerging exporters should seek professional packaging help early on. Often this advice is free of charge from marine underwriters. Also, it's harder for underwriters to turn down an insurance claim if their advice has been solicited and followed.

Another excellent source of information on packaging is an international freight forwarding consultant, preferably one approved by the International Standards Organisation.

Clearly there are many factors to keep in mind – most notably the size and value of the shipment – when making export packaging decisions. Weigh your options carefully!

Margret Brady
International transportation consultant



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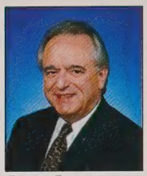


Roger Pruneau

Building a new EDC

EDC is responding vigourously to changes in the marketplace and to the evolving needs of exporters.

This fall marks the final stages of a process of fundamental change that began in 1991 with the Corporation's formal commitment to customer satisfaction. Since that time, the Corporation has made significant progress in understanding customer needs, particularly in such key areas as:

- quicker turnaround on insurance and credit applications;
- more in-depth knowledge of exporters' business and markets;
- a greater capacity to manage risk; and
- more support for smaller exporters.

Today, the Corporation is acting on the concerns expressed by exporters by substantially overhauling its organizational structure and business processes to develop a more efficient and responsive organization.

The key organizational changes are the formation of eight sector-based business teams as the principal points of customer contact with the Corporation. These business teams are designed to provide more streamlined service to customers by people who have a thorough knowledge of the exporter's business sector.

"EDC identified the need to shift its operations to a team approach through extensive research conducted with customers, trade intermediaries and our own employees," says EDC President and Chief Executive Officer, Paul Labbé. "The teams will have greater autonomy to generate financial solutions for customers across EDC's product lines and to make quicker decisions than in the past. The goal is improved customer service through one-stop shopping for exporters."

The eight sector-based teams are: Base and Semi-Manufactured Goods, Consumer Goods, Emerging Exporters, Engineering and Professional Services, Forestry, Industrial Equipment, Information Technology and Transportation. (See article "EDC to launch new business teams.") "By better understanding our customers' business, we can serve them better and tailor our services to their specific needs," says Labbé. "That's why we created these sector-based teams."

The business teams will be supported by the full capability of the new EDC organization, including a separate risk management function and several centres of expertise. Country specialists will provide in-depth analysis of foreign markets, including political, economic, legal, financial and cultural aspects. Once fully implemented, exporters can expect quicker responses on insurance and credit applications and significantly enhanced risk management services offered by the Corporation.

Taken as a whole, the new EDC will be comprised of six main operating groups: Medium and Long Term Financial Services, headed by Eric Siegel; Short Term Financial Services, headed by Rolfe Cooke; Market Management, headed by Don Curtis; Corporate Performance and Risk Management, headed by Ian Gillespie; Finance, headed by Roger Pruneau; and Corporate Services, reporting on an interim basis to President Paul Labbé.

"We are grateful to our customers for their patience while we undertake these fundamental changes to EDC's organization and business processes," says Labbé. "We are instituting these changes even as we are providing record levels of support to Canadian exporters. Once completed, I believe that our customers will welcome the changes that we have made on their behalf."

Board member appointed

Pierre MacDonald was recently appointed to EDC's board of directors. Currently president and chief executive officer of MacD Consult Inc., Mr. MacDonald has held a number of senior management positions in the private sector. He was successively director and vice-president of the James Bay Energy Corporation, chairman of the board of Canadian Arsenals Limited and senior vice-president of the Bank of Montreal, in charge of Eastern Canada. Most recently, he served as vice-president of Bombardier Inc., where he was responsible for TGV high-speed rail projects in America.

Mr. MacDonald has also held various positions in the Quebec cabinet of Premier Robert Bourassa, including Minister of External Trade and Technology, Minister of Industry, Commerce and Technology, vice-president of the Treasury Board and minister responsible for bilateral and multilateral trade negotiations.

EDC to launch new business teams

The following are brief profiles of EDC's new business teams. While the Emerging Exporters Team and Information Technology Team were launched in March, the other teams will be launched this fall.

Base and Semi-Manufactured Goods Team

Goods supported include: Non-forestry and non-agri-food natural resources and processed goods of a base nature, such as ores and minerals, oil and gas extraction and refining, coal and petroleum products, chemicals, fertilizers, plastics and rubber.
Team leader: Kevin Harris

Emerging Exporters Team receives customer kudos

When Damian Cristiani recently came to EDC for export insurance for his U.S. account receivables, he expected to get the bureaucratic run-around. What he got instead was service that far exceeded his expectations.

"I was extremely pleased with EDC's prompt service," says the co-owner of Triad Distributors, a computer software distributor based in Concord, Ontario. "My insurance policy was put in place in minutes over the phone. It really was great to get set up that quickly!"

Cristiani is one of hundreds of Canadian exporters that have received financing or insurance support through EDC's Emerging Exporters Team (EET). The team was created last March to provide one-stop financial services to Canadian companies with annual export sales of less than $1 million.

EET member Linda Conway says the team has received positive feedback from many customers, based on:

- the fact that they (customers) have to contact only one team to meet their insurance and financing needs. The results are quicker turnaround from EDC and time savings for customers;
- the team's ability to qualify transactions for LOC financing, and to put insurance policies in place, over the phone (the latter, frequently, in as little as 15 minutes); and
- the 1-800 number, which allows Canadian companies to contact a team member toll-free from anywhere in Canada. On average, the team receives more than 80 calls per day on this line.

"We are continuously monitoring the needs of smaller exporters so that we can continue to strengthen our support for them," says Conway. "Recently, we began faxing documents such as financing and insurance application forms and product information sheets to customers via computer, while we're on the phone with them. Providing better and faster customer service is our overriding goal."

During a recent meeting with EDC's Emerging Exporters Team at the Corporation's Ottawa office, Canada's Minister for International Trade, Roy MacLaren, was supportive of the team's efforts to boost assistance for smaller exporters. From left: EDC President and CEO, Paul Labbé; Minister MacLaren; and Bertrand Gignac and Christine Tiseo, both EDC underwriting managers.

Photo Features Ltd.

Consumer Goods Team

Goods supported include: Household goods (rather than industrial goods), including highly processed and high-value-added goods, agri-food and retail goods.
Team leader: Jean Beaulieu

Emerging Exporters Team*

Customers supported: Firms with annual export sales of less than $1 million.
Team leader: John Hutchison

Engineering and Professional Services Team

Services supported include: Construction, engineering, management consulting, scientific, technical, transportation and entertainment.
Team leader: Sherry Noble

Forestry Team

Goods supported include: Logging and forest products, including lumber, millwork, windows, doors, paper, paperboard, cardboard and pulp.
Team leader: Cathy Hess

Industrial Equipment Team

Goods supported include: Large, capital-goods machinery and equipment for agriculture, heating and cooling, construction, mining, forestry, oil, gas and power, and electrical generating equipment.
Team leader: Stephen Dempsey

Information Technology Team*

Goods supported include: Telecommunications equipment and services, electronic parts and components, computer equipment, software, services and instrumentation, and consumer electronics.
Team leader: Jim Brockbank

Transportation Team

Goods supported include: Aircraft and parts, motor vehicles and parts, shipbuilding and repair, railroad rolling stock (train and metro cars) and other transportation equipment.
Team leader: Henri Souquières

** See EDC TODAY, Spring/Summer 1995, pages 4-6, for an in-depth profile.*

Riding the

Fish and seafood processors in Atlantic Canada have navigated around several market challenges in the last few years, buoyed by innovative ideas and forecasts of a brighter future. EDC's short-term insurance is also playing a key role in providing wind for this industry's sails.

The fish and seafood processing industry in Atlantic Canada is still in full sail, despite having had to steer through some choppy water.

Globalization has fostered increasing competition from developing countries, such as Russia and China, with lower wage structures. Lower priced proteins such as chicken and whitefish substitutes are competing. And processes and packaging materials have to be continually updated to keep up with market demand and the competition.

Staying afloat for fish and seafood processing companies also means coping with a myriad of complicated regulations and both tariff and non-tariff barriers.

Being able to ride the tide of change is essential, says Jim Bateman, Chairman of the Fisheries Council of Canada and President of Paturel Seafood Ltd. "It's an extremely competitive business, because you're selling a limited resource and the market is in a constant state of change."

Seafood exporters say being Canadian sells. Canada has achieved an excellent international reputation for high-quality raw products and top-notch technology and know-how.

Nevertheless, the industry has adjusted, and its Atlantic Canada component ranks as the largest commercial fishery in the country, with some 900 establishments employing more than 60,000 people. The Atlantic Canada fish and seafood processing industry's production figures reached Cdn$1.8 billion in 1993, representing 61 percent of Canada's total fisheries production.

Seafood exporters say being Canadian sells. Canada has achieved an excellent international reputation for high-quality raw products and top-notch technology and know-how. In fact, Canada ranks fifth in the world in seafood export value.

Exports have played a major role in the industry's success, with high-value shellfish and aquaculture products being exported mainly to the United States, Europe and Japan. Figures indicate that the export tide is rising.

In 1993, Canada exported more than 500,000 tonnes of fish products valued at Cdn$2.6 billion – an increase from Cdn$2.5 billion the year before. And figures for the first half of 1994 indicate a four percent increase from 1993.

EDC customers thriving

Four successful seafood processing operations in New Brunswick exemplify how many of these companies are surviving, or even thriving, amid numerous market challenges. Paturel Seafood Ltd., Blue Cove Group (1993) Ltd., Westmorland Fisheries Ltd. and Poissonnerie des Îles have all succeeded by adopting solid business strategies, which include selling innovative, value-added, ready-to-serve products, emphasizing quality, using specialty packaging, targeting niche markets and forging business alliances.

EDC's short-term insurance has provided the crucial ballast to help keep these and many other fish and seafood processing companies on a steady course. EDC's Global Comprehensive Insurance (see article, page 11) and Export Credit Insurance (tailored to fit small business) support these exporters by protecting their export receivables against non-payment – as well as providing access to reliable credit information on potential customers.

"Exporters tell us our insurance oils the wheels of doing business," says Irene McNeely, an underwriter in EDC's Short Term Insurance Division. "Because these exporters have our protection, banks tend to extend higher lines of credit to them, to bridge the cash-flow gap between paying the fishermen and receiving payment from customers."

Value-added products

In general, the food-processing marketplace is demanding further processing of food products, such as pre-cooked foods and foods with sauce. Paturel, the largest processor of lobster products in the world, has responded by adding an array of value-added products to its fresh lobster product line. The company's frozen specialty packs include whole lobster cooked in the shell, lobster portions and split lobster with sauce.

Paturel exports 90 percent of its products to more than 20 countries, including the United States, Europe, Japan, Scandanavia and the United Kingdom.

To broaden its lobster market in France, the Shediac-based firm, which also sells snow crab, herring, mackerel, scallops and ground fish, has developed a marketing alliance with Medina Foods Ltd. of Montreal. Using software, Medina tests Paturel's products by measuring temperature and salt levels, for

tide of change

instance, and then provides Paturel with a quality assurance stamp of approval.

Paturel chose EDC's insurance because of its competitive price and excellent service in credit analysis, says Controller Wayne Mattice.

"EDC's huge database of information and credit sources on overseas customers is a major benefit to us, and credit reporting is a big part of what we're paying for," he says. "Relying on EDC's resources gives us a lot of confidence."

EDC's short-term insurance has provided the crucial ballast to help keep these and many other fish and seafood processing companies on a steady course.

A buoyant business

In the north-shore village of Anse-Bleue, another EDC customer, Blue Cove Group (1993) Ltd., specializes in frozen lobster and marinated and salt-cured herring products.

About 92 percent of Blue Cove's products go to the continental United States, but the firm also ships to Japan and Europe. While food-grade herring might be shipped in 250-lb. plastic barrels, meeting customers' specifications for packaging and labeling is also a Blue Cove specialty.

Business Manager Darrell Rooney says the company's growth has been steady and sales have increased dramatically in the past two years. Several factors have kept Blue Cove buoyant: organized sourcing, diversified products, top-notch quality control and a practice of bringing major customers to visit Blue Cove's operations every year.

EDC has helped the company expand its export sales. "You need money to make money," says Rooney. "When you walk through the banker's door with an EDC insurance policy, it makes it a lot simpler to negotiate a line of credit."

Popsicle packaging

A consistently open-minded approach has helped Westmorland Fisheries Ltd., of Cap Pelé, change course with a market demand that varies from one year to the next.

Lobster, snow crab and scallops are the firm's main offering. About 50 percent of the firm's products goes to the United States, with the rest divided between Europe and Japan.

Value-added products and special packaging have become an important part of supplying lobster for fancy-restaurant and cruise-line use, says President Yvon Gaudet. An example is "popsicle" packaging, in which a whole, cooked lobster is enclosed in a plastic bag and frozen in brine. It keeps for about two years in the freezer and comes very close to fresh lobster in taste, he says.

An EDC customer for two years, Gaudet says, "Our EDC policy makes doing business easier. It helped us negotiate a higher credit line with our bank, at a better interest rate."

Blue Cove and Westmorland are two of several Canadian fish and seafood processors selling their products to a number of companies in the United States. To lend support, EDC provides a flexible arrangement in which several suppliers share the broker's approved credit limit.

Expansion mode

Based in Lamèque, Poissonnerie des Îles Inc. exports lobster, crab, clams and cod – fresh, frozen and canned – to the east coast of the United States, in addition to selling to Montreal and Toronto.

Poissonnerie des Îles attributes several factors to its success through the years: the quality of its products, the integrity of its business approach and its ability to deliver on time. Recently, the company decided to expand its export base and turned to EDC for short-term insurance.

"EDC helps us manage the risk in exporting and provides credit advice on potential buyers," says owner Simon-Pierre Chiasson. "The service we've received through EDC's new 1-800 line has been excellent."

On the horizon

Industry forecasts indicate a brighter horizon for Canada's fish and seafood processors, as future population growth and increasing seafood consumption will increase world demand.

In addition, the North American Free Trade Agreement (NAFTA) and the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) will increase Canada's access to Mexico, Japan, Korea, the European Union and emerging markets. And new agreements with New Zealand and South Africa are slated for 1995.

Brenda Stewart

Servicing international markets

The export of services is becoming increasingly important to Canada's economy. EDC is playing a vital role as more Canadian service companies become players on the world stage.

Construction and engineering services. Management consulting. Scientific services. These are a few of the numerous sectors within Canada's business, professional and educational services industry – an industry that is vital to the Canadian economy.

The services industry as a whole now represents about three-quarters of the country's gross domestic product (GDP) and accounts for 90 percent of job creation, according to an Industry Canada report.

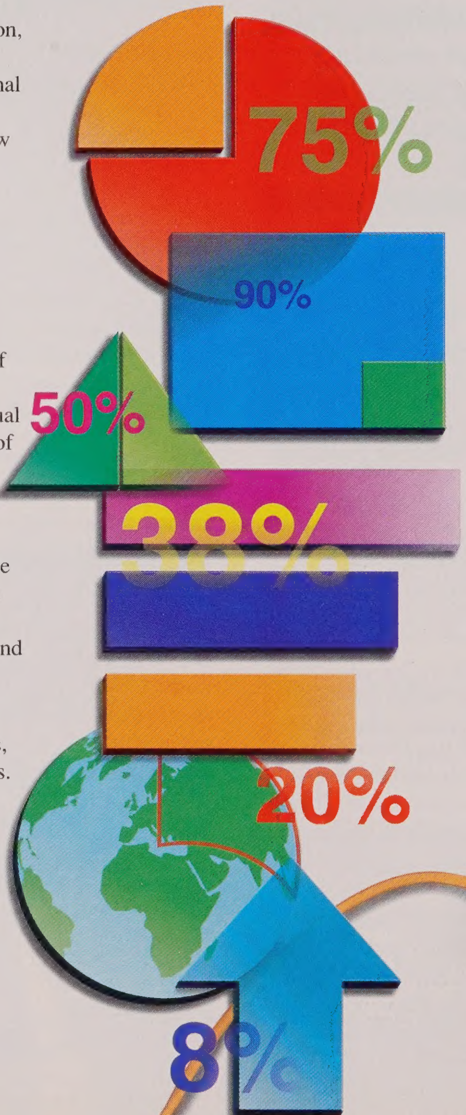
Business, professional and educational services have shown the most growth within Canada's service industry and now account for almost one-half of its total services output.

Global trends

Globally, business, professional and educational services represent an estimated 20 percent of trade. In recent years, these services have become one of the fastest-growing components of international trade, with an average annual growth rate of eight percent. A number of factors have contributed to this growth:

- Trade liberalization: the North American Free Trade Agreement (NAFTA), the European Union's single market and the General Agreement on Trade in Services (GATS) all contain provisions designed to open markets and increase trade in services.
- Deregulation is taking place in some industries, including financial services, transportation and telecommunications.
- The distinction between products and services is increasingly becoming blurred. In many situations, the provision of related services is a vital element of the successful export of goods.
- Corporation and government rationalization, and the trend to outsourcing, have provided service-oriented firms with new markets.
- Business practices are increasingly being globalized through extensive use of information technologies, the internationalization of financial markets and the trend toward cross-border partnerships and strategic alliances.

Canada's receipts from services have increased markedly since 1980. As a result, business and professional services now comprise the largest component of Canada's non-merchandise trade, accounting for 38 percent of service-related exports and ranking second in export earnings, behind motor vehicles.



Considering the dominant importance of services to Canada's overall economy, Canadian service companies have the potential to substantially increase their business in international markets. Indeed, many services firms have already begun to demonstrate this potential, recognizing the need to compete globally for both survival and growth.

Over the last decade, Canada's exports of business services increased at an average annual rate of slightly more than 10 percent. Most exports are to the United States, but an increasing number of Canadian firms are succeeding in other foreign markets, such as Western Europe and the Asia-Pacific region.

Part of the challenge facing Canadian companies seeking to export is their size. Although Canada boasts a number of large multinational firms that have long been active exporters, Canadian services suppliers are typically small- and medium-sized enterprises (SMEs) and sole practitioners.

Over the years, EDC's support for business, professional and educational services suppliers, including SMEs, has grown hand-in-hand with Canadian exports. Recently, EDC created a business team to specifically support a variety of Canadian exporters in this industry. (See article, page 4.)

As the articles on the next two pages illustrate, EDC products such as Performance Security Insurance, Performance Security Guarantees, Bid Security Insurance and Bid Security Guarantees – in addition to risk assessment services – are critical to the success of Canadian companies providing their services to foreign markets.

Michael Salter

Tunnel vision

Aquatic Sciences is inspecting a 20-kilometre-long underwater tunnel in the Andes – a distance never achieved before by an unmanned vehicle. EDC is providing critical insurance support to help this exporter control its risk.

The skeptics said it couldn't be done – using an unmanned, remotely operated vehicle (ROV) to inspect an underwater tunnel that runs 20 kilometres through the Andes. Traditionally, ROVs have only had a range of about one kilometre. But Aquatic Sciences Inc. of St. Catharines, Ontario, is proving the skeptics wrong.

Since 1987, Aquatic has been providing underwater and environmental services to corporations, utilities and other customers. The company's highly trained commercial divers and biologists are active in a variety of areas, including water quality testing and monitoring, and environmental clean-up.

The company is currently experiencing strong demand for its specialty – underwater pipeline inspection services. Aquatic uses ROVs that conduct video inspections of pipeline interiors. The ROVs are controlled by cable from a van containing monitoring and electronic equipment.

Technical challenges

Earlier this year, Aquatic won its largest and most technically challenging job – a Cdn$3 million contract from ElectroPeru S.A., the country's main hydro utility – to inspect a tunnel in the Andes. The 20-kilometre-long tunnel – one of the world's longest, flooded hydroelectric tunnels – is located 450 kilometres east of Lima, Peru's capital. The tunnel redirects water from a reservoir to the Mantaro power plant, the sole source of hydroelectric power for Lima and the surrounding region.

Inspecting a tunnel of this length – a distance never before achieved by an unmanned ROV – poses a huge technical challenge. Aquatic has responded by developing a long-range ROV equipped with 35,000 feet of fibre-optic cable, sonar, multiple video cameras, an advanced manipulator arm and other features.

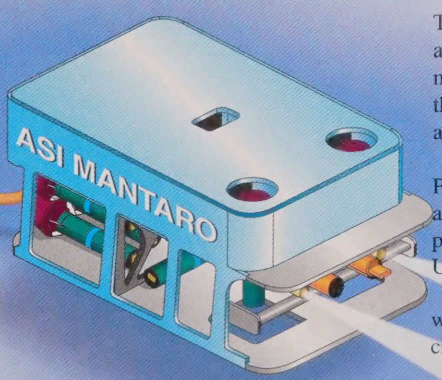
"Current ROVs have a range of about 1,000 metres," says Ian Griffith, Aquatic's principal ROV pilot and technician. "Beyond that, you must use manned submersibles. With this new ROV, we will be able to inspect the entire length of the tunnel.

"This new technology represents a tremendous business opportunity for Aquatic Sciences," he adds. "It should thrust us into the forefront of the worldwide robotic inspection industry."

EDC provides critical backing

The Peruvian tunnel inspection is Aquatic's largest contract to date and its first outside of North America. Bidding on it brought the young company into contact with EDC for the first time. "It quickly became obvious that we couldn't take this kind of risk without the backing of EDC," says Sheila Ingram, Aquatic's controller.

When Aquatic submitted its proposal to ElectroPeru last January, the company posted a bid bond, which was issued by its bank. To protect itself against 90 percent of the losses resulting from a wrongful call or a call resulting from events outside its control, such as war, Aquatic purchased an EDC Bid Security Insurance policy.



As well, the Letter of Guarantee issued by Aquatic's bank is protected by an EDC Bid Security Guarantee (BSG) policy. The BSG policy provides the bank with the necessary security to issue the bond without impacting on Aquatic's operating line.

"This new technology represents a tremendous business opportunity for Aquatic Sciences. It should thrust us into the forefront of the worldwide robotic inspection industry."

Ingram adds that as Aquatic undertakes the tunnel inspection, the company will provide ElectroPeru with advance payment bonds and various performance bonds, which will be guaranteed by EDC.

Aquatic has an EDC Specific Transaction Insurance policy to protect against contract cancellation during the manufacture of specialized equipment for the Peruvian contract and to protect against non-payment of the receivables.

While in the process of insuring its Peruvian contract, the company thought an EDC Global Comprehensive Services policy would be good protection for its U.S. open account receivables.

"By insuring our foreign receivables, we can use them as collateral for a line of credit," Ingram says.

With EDC's backing, this small Canadian company is on the road to establishing itself abroad. Declares Ingram: "The Peru contract will give us the opportunity to demonstrate new technology and the chance to develop an international track record."

Michael Salter

At the centre of the action

Countries around the world depend on Nanometrics Inc. to detect and measure earthquakes. In turn, the company relies on EDC to detect financial risk.

Ask people where one of the world's leading seismological instrument manufacturers is located, and you can be sure virtually no one will say, "Kanata, Ontario."

Indeed, entrepreneur Robin Hayman, president of Nanometrics Inc., is used to receiving surprised looks when people learn that his company is highly regarded as a leader in seismographic equipment that detects and measures earthquakes.

In 1986, Hayman left the federal civil service – he was head of instrumentation for the Earth Physics Branch of Energy, Mines and Resources – to form Nanometrics. "We gradually developed a turnkey system – a complete package of equipment, software and services for installing large seismic networks," he says.

Measuring movement

A seismographic monitoring system uses unmanned remote telemetry equipment to sense vibrations in the earth and then sends the data via radio, satellite, or telephone link to a computer.

Software locates and plots the earthquake's epicentre, and produces information such as graphs and reports.

Nanometrics gained its competitive edge because of its proprietary digital telemetry equipment, which has a far greater measurement range than traditional analog devices, and has superior software.

The company's expertise quickly led to contracts in China, Sweden, Colombia, California, Taiwan and Iran, among other countries. By 1993, Nanometrics had 16 full-time employees and revenues of about $1 million annually.

That year, the company bid for its largest job – a US$6.1 million contract for a national seismic network in Egypt – and approached EDC for assistance in structuring and insuring the deal.

Nanometrics gained its competitive edge because of its proprietary digital telemetry equipment, which has a far greater measurement range than traditional analog devices, and has superior software.

"There's enough technical risk in what we do," says Neil Spriggs, Vice-President at Nanometrics. "We don't want to bet the company on an offshore financial risk."

EDC agreed to insure Nanometrics' bid bond, on the condition that the company divide the contract into separate phases.

"By structuring the Egyptian contract into distinct parts that would be individually insured, we made sure the risk and exposure are within acceptable limits," says James Wood, EDC's Assistant Manager, Medium Term Insurance.

For each contract phase, Nanometrics will post a performance bond and draw advance payments against a Letter of Credit from the customer, Egypt's National Research Institute of Astronomy and Geophysics.

EDC is also providing Performance Security Insurance products, which guarantee advance payments and protect Nanometrics against wrongful calls on its performance bonds.

For the banks from which Nanometrics is drawing payments, EDC is providing Performance Security Guarantees. These guarantees will protect the banks from losses arising from both wrongful and rightful calls.

To insure Nanometrics' foreign receivables, EDC is providing Specific Transaction Insurance, similarly structured into phases to cap potential losses.

Value in advice

"The insurance and guarantees EDC provides are obviously very important, because these products ensure we get paid by our customer," Hayman says. "But what's just as critical is EDC's expertise in assessing commercial risk in foreign markets.

"My attitude is, if the risk is too big for EDC, it's too big for us," he concedes. "If EDC won't insure the job, then we don't want it."

Michael Salter

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so provides several

through deposit insurance. What they may not consider insuring when they start exporting, however, is often one of their largest assets – their accounts receivable.

EDC's Global Comprehensive Insurance Policy protects exporters' accounts receivable. The policy covers up to 90 percent of exporters' losses resulting from a wide range of commercial and political risks, including:

- insolvency or default of the foreign customer;
- payment delay caused by a blockage of funds or transfer difficulties;
- refusal of goods by the foreign customer (provided the exporter has met the contract terms);
- war or hostilities in the customer's country or between two or more other countries; and
- cancellation or non-renewal of export or import permits.

by the foreign customer;

Key benefits

Not only can EDC minimize exporters' risks, the Corporation can also help exporters better serve their customers. EDC does this by:

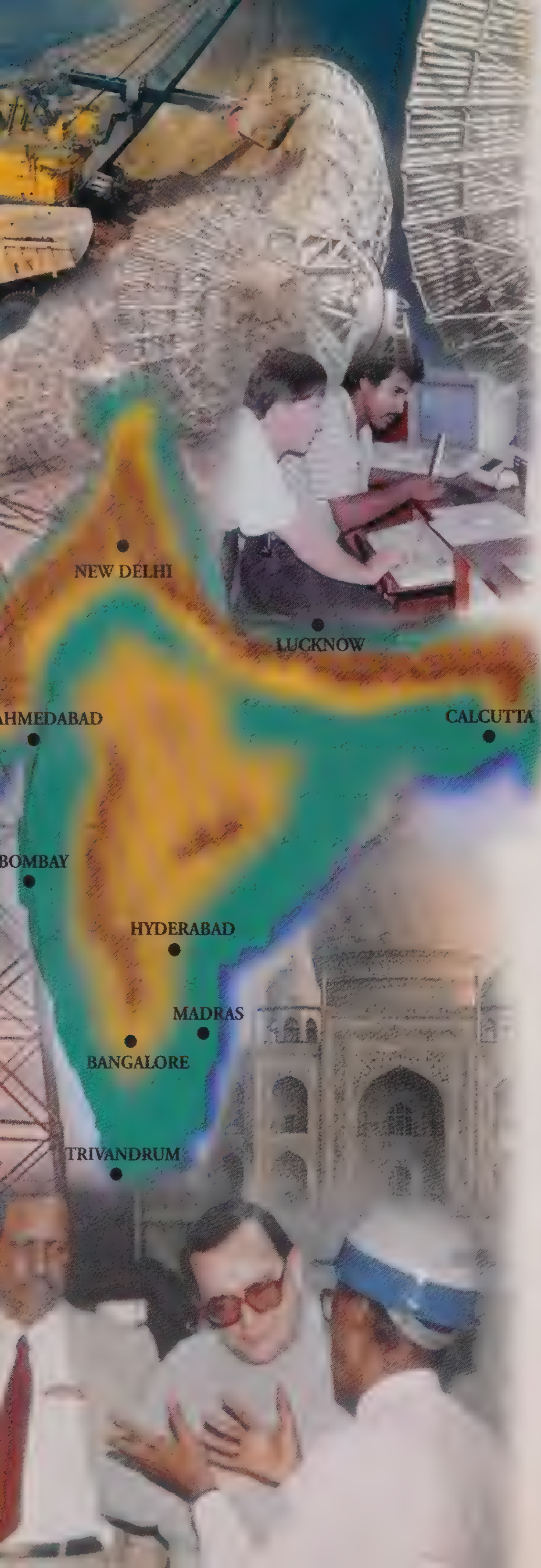
- protecting exporters' receivables, which allows exporters to offer customers more flexible payment terms;
- enabling exporters to enter new markets and expand existing markets, knowing their credit decisions are backed by EDC;
- improving exporters' ability to secure working capital financing;
- allowing exporters access to EDC's Worldwide Credit Report Sourcing Facility;
- providing international credit and political risk management expertise and advice;

- insurance for Letters of Credit transactions on a country-by-country basis;
- inclusion of U.S. receivables;
- coverage for sales made by foreign affiliates;
- invoicing in foreign currencies;
- exporter approval for a specified level of buyer credit exposure;
- insurance for receivables generated by providing services; and
- inclusion of Canadian receivables for qualified exporters.

What is the cost?

EDC's Global Comprehensive Insurance Policy allows exporters to "pay as they go" – exporters pay only for what they export. Rates are based on several factors, including:

- type of cover selected;
- payment terms: the longer the term, the higher the premium;
- type of goods being exported;
- countries where exports are being shipped; and
- buyer credit risks.



On the Map

India:
Asia's beckoning jewel

Up until four years ago, India held but a faint gleam of promise to foreign companies. Today, free of much of its bureaucratic restraint, this market is dazzling exporters and investors with its myriad of trade opportunities. Canadian companies need to hasten their pace of doing business with India before opportunities are lost.

Their exotic scents, kaleidoscope of colors and electrifying din make India's bazaars some of the most vibrant places on Earth. Now, as the country continues to turn its economy around, India is becoming an increasingly vibrant *export* market for foreign companies.

India boasts a population of about 900 million people, including a middle class population of some 250 million that is expected to double within five years. It has an economy that is wide open to a large variety of imports and foreign investment. And it is considered to be an ideal base for accessing the markets of other countries in the region or for re-export back to home markets.

Together, these factors have created an important and exciting market for exporters, investors and lenders around the world. But it hasn't always been that way.

"Until Narasimha Rao came into power as prime minister of India in 1991, the country's government and economy were heavily regulated and protectionist," says George Pahinis, an EDC political risk analyst.

Although India gained its independence from British rule 48 years ago, it has only started to truly break free from heavy restraint by politicians and bureaucrats in the last four years.

Before then, for the most part, companies were not allowed to generate new products, branch out into new product areas or invest their money outside of the country. India's economy grew at a snail's pace.

Under Rao's leadership, however, India has made major economic reforms to liberalize both trade and investment, and more changes are envisaged in the near future.

"Various import and investment-related restrictions have been removed, tariffs have been cut and investment incentives have been offered," says Anis Karim, of EDC's South Asia Department. "The Indian government has undertaken measures to reform the country's business and financial sectors in a major way."

The government has embarked on a step-by-step privatization program and has transformed many of its agencies to joint stock companies or conferred corporate status. As a result, private-sector activities are expected to pick up.

"To take advantage of the recent changes," says Karim, "many foreign companies and multinationals have expanded their operations in India or are in the process of entering the market."

According to Pahinis, "The overall progress of Rao's economic reforms is encouraging, and the nation's move toward a market economy is irreversible. However, potential investors in India should

take time to familiarize themselves with the distribution of powers between the central and provincial governments and the jurisdictions, with respect to specific transactions."

Foreign direct investment into India, mostly from the United States, Germany, Belgium, Malaysia, Singapore, Sweden, the United Kingdom, Japan and Holland, has increased exponentially in recent years. That is because many large Indian businesses have gained the confidence of the international capital markets and investment community and have raised billions of dollars in capital over the past few years. These firms are expected to use these funds for major expansion or modernization of their operations.

Industry sectors of opportunity include power and energy equipment and services, mining, pulp and paper, oil and gas exploration and equipment, steel, telecommunications, information technology, transportation (aviation, railway locomotives, light rail transport, etc.) and ground water drilling.

Most recently, Japan Bond Rating Service and Moody's Investor Service have upgraded India to investment grade ratings.

"EDC has monitored with keen interest the major economic turnaround in India, including its structural adjustment policies, and will continue to keep a close eye on this market," says Jocelyne Lussier, an EDC economist. "The upcoming federal election, to be held next March, will give us a better idea of the pace of the economic reforms.

"Our view, nevertheless, is that the creditworthiness of the market has improved markedly since the liquidity crisis," she adds. "The country's states have initiated their own reform process. The Indian economy is going to improve further if the reform process continues."

Strong economic indicators

India's market potential is increasingly being reflected in strong economic indicators: the country no longer needs a second International Monetary Fund (IMF) loan, and it is paying off the 1991 loan ahead of schedule. Gross Domestic Product (GDP) growth was 5.5 percent in 1994 and may stand between 6.0 and 6.5 percent in 1995. Reserves are at a record high. And the rupee is convertible for transactions on the trade account and also the current account of the balance of payments.

Without a doubt, the country is ripe for Canadian exports and foreign investment, and there are a number of factors that make India an ideal trading partner for Canada.

Among those factors are India's economic reforms and the entry of the private sector into the economy, which have created opportunities in areas of Canadian sectoral expertise. These industry sectors include power and energy equipment and services, mining, pulp and paper, oil and gas exploration and equipment, steel, telecommunications, information technology, transportation (aviation, railway locomotives, light rail transport, etc.) and ground water drilling.

Other reasons why India and Canada are ideal trading partners include the fact that English is the language of business in India, the country is a democracy with well-established judicial, banking, financial and distribution systems, and it has a highly skilled workforce and a well-established private sector. As well, Canada has a long history of doing business with India and has a large population of people with Indian ancestry.

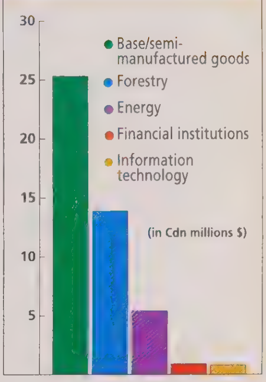
Yet, despite the many factors that make these two countries well matched for bilateral trade, they have not realized the maximum potential of their commercial relationship.

While bilateral trade totaled Cdn$720 million in 1994 (of which Canada exported Cdn$260 million), respective exports between India and Canada account only for about one percent of each country's total exports.

"Both Canada and India are not fully aware of each other's business potential," explains Karim. "India does not fully recognize Canada as a major economic partner or a supplier of quality goods, services and technology. And Canadian companies frequently deem India a difficult market to do business in."

Focus India, a new economic and trade development strategy for India, was launched by the Department of Foreign Affairs and International Trade (DFAIT) this past June. A *Focus India* report states that the complexity of India's business environment, as well as its bureaucratic bottlenecks, conflicting or vague policies and guidelines, infrastructure problems and the importance of connections and cultural differences, can make India a difficult market to penetrate.

EDC business in India
(top 5 industry sectors – 1994)



In spite of these challenges to exporters, India is the 10th-largest industrial country in the world and represents one of the most exciting emerging economies, with the potential to evolve into an economic giant in the 21st century. As well, opportunities in certain industries within Organization for Economic Co-operation and Development (OECD) countries will dry up in the future. For some Canadian companies, their survival will depend on doing business with India and other emerging markets.

There is a strong impetus for Canadians to gain deeper entry into India and to make a long-term commitment to doing business with this market, before opportunities are lost to other exporting nations.

The Canadian government is striving to increase trade between Canada and India through market awareness programs such as *Focus India*. The *Focus India* strategy is intended to raise awareness among Canadians of the importance of India as a large and promising emerging market, and to facilitate the entry of Canadian companies into the market.

EDC, through its financing and insurance support, is also playing a pivotal role in helping Canadian companies compete

in India. Since 1960, EDC has supported Canadian companies doing business with India, through its short- and medium-term insurance services and medium- to long-term financing (loans) programs.

Through the years, EDC has received requests to support exports of goods and services to India's steel, gas, pulp and paper, mining, transport and power generating sectors, mainly for large government infrastructure projects.

More and more, however, Canadian exporters are requesting EDC support for private-sector transactions that represent a diversity of industry sectors and sizes. This reflects the fact that the economy is being transformed and opportunities for Canadian exports are expanding in all sectors.

Insuring export success

In 1994, EDC's short-term insurance volume totaled Cdn$47 million. Principal products supported by EDC's short-term insurance in recent years have included commodity-based products such as asbestos and asbestos cement products, pulp and paper and crude non-metallic products (namely potash). With no restrictions applying in this market, coverage can be considered for payment terms ranging from Letter of Credit to open account.

While the increasing number of opportunities emerging within India's private sector bodes well for Canadian exporters and investors, the increasing number of transactions being conducted with private as opposed to state-owned enterprises heightens concern over commercial risk and presents challenges in assessing credit. As such, EDC's access to credit and financial information is critical to Canadian companies exporting to India. EDC can assist exporters through:

- worldwide credit report sourcing, which allows exporters to quickly access credit reports from external/independent credit agencies;
- CD-ROM databases, which provide access to on-line credit and financial information; and
- worldwide networks, established by EDC's embassy contacts around the world and by the visits EDC representatives make to international markets.

"Given that India is an emerging market, EDC's short-term insurance provides exporters with peace of mind, knowing that their credit decisions are backed by us," says Jacqueline McGinn, an underwriter in EDC's Short Term Insurance Division.

"With credit information updated regularly and reviews conducted to ensure the continued creditworthiness of foreign buyers, we also provide exporters with valuable credit support services," says McGinn. "And because our insurance protects exporters' receivables, the ability to offer more flexible payment terms gives them a distinct competitive advantage."

As well, EDC's short-term insurance provides security to exporters' banks for up to 90 percent of their export receivables, enhancing exporters' ability to secure working capital.

EDC's Medium Term Insurance Division has provided support to Canadian exporters with equipment and service contracts in the mining, pulp and paper, telecommunications, power, and oil and gas sectors.

Over the past five years, EDC has provided Cdn$29 million in medium-term insurance support to exporters. Credit insurance can be considered for exports to India on open account or Letter of Credit basis, without restrictions. In addition, bid and performance bonding is commonly required in this market. EDC can look at wrongful call coverage to exporters, as well as performance security guarantees to exporters' banks to help free up their bank lines.

EDC's Foreign Investment Insurance (FII) is available to provide protection and support to Canadian companies investing in India. FII insures investors against losses resulting from the political risks of inconvertibility and transfer; expropriation; and

war, revolution or insurrection. Coverage can be considered for all of the three specified risks for India. Investors are encouraged to confirm at an early stage in the project's development that all required host government approvals are available and profit and capital remittance arrangements are agreed to.

Adjusting financing to meet market needs

"India is a significant market for EDC," says Karim. "EDC's South Asia Department has a number of small- and large-sized financing transactions currently under consideration. We also have a good appetite for business in India, in both the public and private sectors."

Since 1980, EDC has provided Cdn$700 million in financing support for Canadian exports destined for India. The largest project supported by EDC during this period was the Chamera hydroelectric project, for which EDC signed a Cdn$403 million loan. Another major project supported by EDC was the Rajmahal open cast coal mine project, for which EDC signed a Cdn$166 million loan.

EDC is proactively adjusting its financing structures to meet the changing needs of Canadian exporters doing business in India. In addition to the loans EDC has traditionally extended to the Indian government, the Corporation is now considering loans to creditworthy public- and private-sector entities and Indian banks.

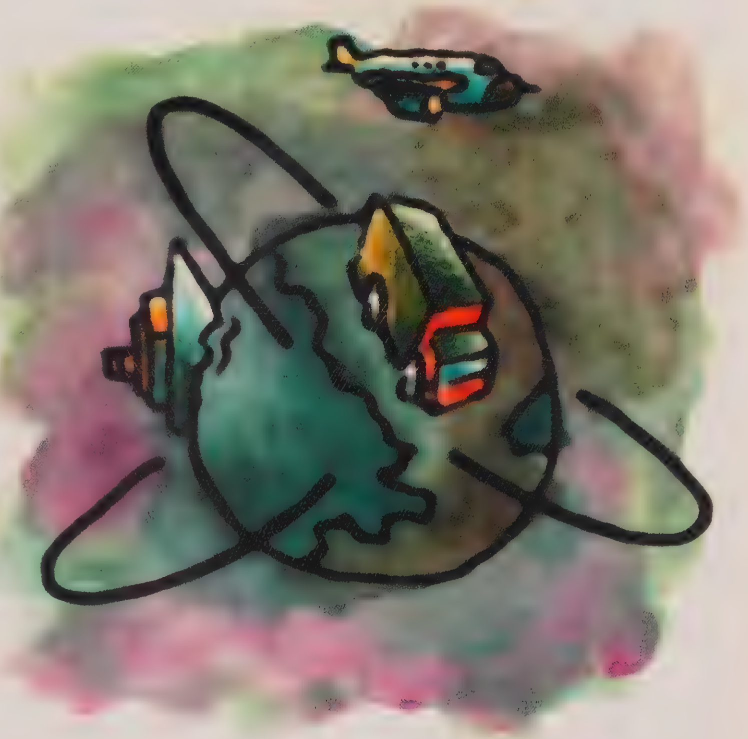
The 1995 CANADA EXPORT AWARDS

On October 2, twelve leading Canadian exporters, selected from 207 applications, received a 1995 Canada Export Award from the Department of Foreign Affairs and International Trade (DFAIT). The presentation ceremony was held in Fredericton, New Brunswick, in conjunction with the 52nd annual convention of the Canadian Exporters' Association.

This year, for the first time, the Canada Export Awards welcomed the participation of two organizations well known for their involvement with Canadian exporters. Under the theme "Partners in Trade", CIBC (Canadian Imperial Bank of Commerce) and the Export Development Corporation (EDC) joined the Department as official sponsors of the program.

Roy MacLaren, Minister for International Trade, said "Partnership between the private sector and government is one of the best ways to effectively and economically deliver important services to Canadians. This is why it is immensely satisfying to have these two respected organizations join the Department in promoting the accomplishments of this year's Canada Export Award winners."

Canada's geographical and industrial diversity has been well represented throughout the 13-year history of the Awards. This year is no exception, with winning companies from coast to coast, and a wide range of products and services, including sophisticated communications programs, state-of-the-art bomb disposal equipment, life-saving safety and rescue training and unique family entertainment games.



CANADA EXPORT
LIFETIME ACHIEVEMENT AWARD

EICON TECHNOLOGY CORPORATION

Having won a Canada Export Award a record third time, Eicon Technology Corporation of Montreal, Quebec, has been presented with the first ever Canada Export Lifetime Achievement Award.

"Eicon Technology exemplifies Canadian companies that have achieved excellence in exporting," said the Honourable Roy MacLaren, Minister for International Trade. "It is truly a success story and an example for Canadian businesses that are looking to expand their markets."

Eicon, an 11-year-old company that employs 560 people, designs and manufactures software and hardware for corporate information systems. It is a leading vendor of connectivity products for personal computers and local area networks.

In 1994, Eicon's export sales were $74.9 million, a 70-per-cent increase from 1992's $43.5 million. Almost 95 per cent of the company's 1995 total sales of approximately $100 million (as of July 1, 1995) were from exports, up from 88 per cent in 1992. Eicon's products are sold in more than 70 countries around the world.

"Sales in 1994 increased in all major regions due to the opening of new markets, the introduction of new products and the expansion of our marketing teams in Europe and the United States," said Peter Brojde, Eicon's president and one of its founders. "European markets represented nearly half of the gain, growing by 23 per cent over 1993, while North America and other international regions increased sales 20 per cent and 58 per cent respectively."

Almost 95 per cent of Eicon's 1995 sales were from exports to more than 70 countries around the world.

Brojde attributes Eicon's success to its focus on research and development. "In 1992, our R&D expenditures represented 17 per cent of our total sales, or $8.4 million," he said. "In 1994, R&D was allotted 20.2 per cent, or $15.8 million. Almost 45 per cent of our staff are devoted to R&D. It's the lifeblood of our business."

How does Eicon stay on top of the fast-changing and demanding requirements of its customers? "Our biggest edge has been our ability to consistently identify changes in our markets — new trends, major shifts, and especially, emerging technologies — and developing or modifying products to address them," said Brojde.

ADVANCED GRAVIS COMPUTER TECHNOLOGY LTD.

Advanced Gravis Computer Technology Ltd. has a mission — to build a better joystick.

Advanced Gravis of Burnaby, British Columbia, designs, manufactures and sells its joysticks, gamepads and high-end computer sound cards for both Macintosh and IBM-compatible computers to eager customers around the world.

Advanced Gravis is a quintessential Canadian export success story. In its 10 years of existence, the company has grown from sales of only $250 000 in its first year to $43 million by the end of January 1995 — an impressive 1 770-per-cent increase. Exports currently make up 90 per cent of Advanced Gravis' sales. The company employs 234 people, a 285-per-cent increase from 1991.

"We're successful because we focus on two essential components of any product — quality and durability," said Michael Cooper, Advanced Gravis' president. "Our overseas distributors have peace of mind because they know our products are built to last."

This quality check has protected Advanced Gravis from the parry of competitors. "Our primary foreign competition is from low-end clone manufacturers, principally from Asia, and from a number of medium- to high-end competitors based in the United States," said Cooper. "Since we compete on quality and innovation rather than price, we have built up a very loyal base of users around the world."

The Export Development Corporation has played a critical role in Advanced Gravis' success overseas, says Cooper. "They've mitigated our overseas credit risks," he said. "Their support and insurance is vital to our exporting success."

Advanced Gravis sells its joysticks and accessories to customers around the world.

Advanced Gravis' rapid ascent was not without its hiccups. When the company first started out, doubters said that the market wouldn't accept a high-quality joystick. "Our founders were told that computer games were just a passing fad and that a North American-made product couldn't compete," said Cooper. "Gravis has proven the naysayers wrong."

As long as home computers continue to proliferate, Advanced Gravis will keep on designing and manufacturing high-quality game and entertainment accessories, said Cooper. "People want to get the most out of their computer investment. We help them realize this goal."

BELL HELICOPTER TEXTRON

For a second time, Bell Helicopter Textron, a division of Textron Canada Ltd., has won a prestigious Canada Export Award.

Based in Mirabel, Quebec, Bell Helicopter designs, manufactures and assembles seven types of helicopters. In just 10 short years the company has become one of the world's largest suppliers of commercial helicopters.

Exports are Bell Helicopter's mainstay, making up 94.2 per cent of its total 1994 sales. Last year, exports comprised $501 million of total sales, an increase of 77 per cent from 1992. The company employs approximately 1 750 people.

Since manufacturing its first helicopter in December 1986, Bell Helicopter Textron now delivers over one third of the world's production of commercial turbine-powered helicopters.

Research and development plays an important role at Bell Helicopter. In 1992, the R&D budget was $11 million. The 1995 estimated expenditure is $40 million, $10 million more than in 1994.

"All of our R&D programs have specific aims," said Dell Young, Bell Helicopter Textron's president. "We want to provide an improved product to meet customer satisfaction, improve the reliability, availability and easy maintenance of our helicopters, lower our overall capital and operating costs, and produce the safest helicopter possible."

Four major programs are on the drawing board for Bell Helicopter: the Bell 430, a 9- to 10-seat intermediate twin-engine helicopter; the Bell 407, a four-bladed, seven-seat, single-engine light helicopter; the 412 CF, a version of Bell's popular four-bladed, twin-engine, 15-seat medium helicopter; and a composite material tail boom for a medium-sized helicopter.

In just 10 short years Bell Helicopter has become one of the world's largest suppliers of commercial helicopters.

"We've done well because we've established a strong name for ourselves overseas," said Young.

Young also credits the Export Development Corporation and DFAIT's Trade Commissioners for helping the company win lucrative contracts abroad. "EDC's aggressive financing support has helped us in some cases to compete with foreign government financing of our competitors," he said. "And Canadian trade missions and embassies have always supported our efforts."

KL GROUP INC.

Being the first in the world to define a niche market isn't enough to stay on top. You have to continue to provide the most technologically sophisticated products to your customers.

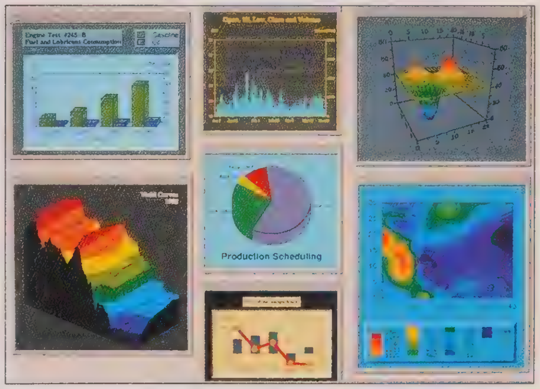
This is the philosophy that has kept KL Group Inc. of Toronto, Ontario, a consistent world market leader in its field. KL Group, founded in 1989, designs and builds a family of graphical user interface (GUI) components for software developers. The company is recognized worldwide as the leading supplier of GUI tools for the X/Motif market. These software components enable developers to include interactive graphs, tables, charts and fields into their applications.

The most popular member of KL Group's family of GUI components is XRT/graph, which displays data in stunning charts and graphs.

"To win internationally you need the right balance of research and development, marketing and sales," said Greg Kiessling, KL Group's president and one of its founders. "At KL Group, we're dedicated to constantly being first to market with the best technology. It's the only way to stay a step ahead of our rivals in this extremely competitive market."

KL Group's dedication is paying off. In 1995, exports grew by 1 708 per cent over 1992 and now make up 96.5 per cent of its total sales. Its largest markets are the United States, the United Kingdom, Germany, France and Japan. KL Group employs 31 people, a growth rate of over 300 per cent since 1992.

For a software company, R&D is a crucial part of business. This is no exception for KL Group. "About 22 per cent of our revenues are spent on R&D," said Kiessling. "These activities are focused on enhancing the features of our current products, expanding the number of components that we offer and broadening the number of platforms we support."



KL Group is recognized worldwide as the leading supplier of GUI tools for the X/Motif market.

Developing a quality product is also a top priority for the company. "Quality is a significant element of our competitive strategy," said Kiessling. "We work closely with our customers to ensure that all bugs are worked out. Everybody at KL Group is encouraged to always try and see things from our customers' point of view. We continually ask ourselves 'what can we do to improve?'. We are constantly striving to supply just that little bit extra."

MACRO ENGINEERING & TECHNOLOGY INC.

Moving aggressively into a new marketplace helped Macro Engineering & Technology Inc. of Mississauga, Ontario, boost its export sales by 333 per cent in just three years.

"We realized the vast potential of moving into China," said Mirek Planeta, the company's president. "It is literally an untapped and exciting market."

Planeta credits the Export Development Corporation for the role it has played in helping the company break into new export markets. "Without the EDC we wouldn't be here today," he said. "They've been very forthcoming in helping us take business risks that have paid off handsomely in the end."

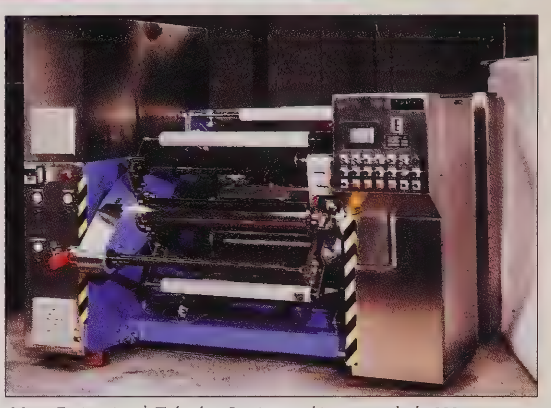
Macro Engineering designs, manufactures and installs the machinery that makes plastic film, which is used in essentially every aspect of our daily life -- from the shrink-wrap that covers salami to garbage bags and plastic fencing.

Macro sells its custom plastic processing machinery by individual components or complete systems. Post gusseters, extrusion machines, embossing lines and winders are only a few of the heavy-duty machines that Macro manufactures.

In the four years that Macro Engineering has been producing these machines, the company has increased its staff by 350 per cent, now employing 66 people.

Exports make up 88 per cent of the company's total sales. Half of Macro Engineering's business is in China, prompting the company to open a sales office in Beijing.

"Our customers like our machinery because it is reliable," said Planeta. "When it's practical, we can assemble an entire film line in our premises and test run the equipment to prove its capability before it is shipped. At the same time, we provide customers with carefully supervised hands-on training so that they can confidently operate the machinery once it has been installed in their factories."



Macro Engineering & Technology Inc. increased its export sales by 333 per cent in just three years.

The durability, reliability and advanced technology of a Macro Engineering product keeps customers coming back, says Planeta. "They like how we can specialize a product to suit their individual needs," he said.

MED-ENG SYSTEMS INC.

The world is a little safer from terrorists' threats, thanks to Med-Eng Systems Inc. of Ottawa, Ontario.

Med-Eng designs and manufactures bomb disposal apparel and equipment used by police forces and the military in more than 80 countries around the globe. "All of our products are geared toward the protection of bomb disposal specialists," said Richard L'Abbé, the company's president. "In a life-threatening situation, the use of second-rate equipment can have fatal consequences. Our products are the result of years of expensive and very dedicated research geared towards the improvement of the protection value, comfort and flexibility of what we sell."

Med-Eng's bomb disposal suits and helmets are considered to be the most advanced in the world. The 14-year-old company also manufactures telescopic, robotic manipulators and miniature-wheeled robotic vehicles. This year, Med-Eng introduced a new suit and helmet that will be used by peacekeeping personnel who remove anti-personnel mines and unexploded military bombs.

A two-time Canada Export Award winner, Med-Eng's pursuit of excellence has paid off. Export sales grew by 60 per cent from 1992 to 1994, making up 98 per cent of the company's total sales. Med-Eng is active in Europe, Asia-Pacific, Africa, the Middle East, the United States and South America. "In a life or death situation, customers are opting for the best product," said L'Abbé. "And that product happens to be ours."

L'Abbé credits DFAIT for being instrumental in helping promote Med-Eng's products abroad. "The Canadian embassies have always been our front line — helping us introduce our products to local end users and representatives," he said. "If it hadn't been for the extraordinary support of DFAIT's Trade Commissioners, Med-Eng probably wouldn't exist today."

Strong working relationships with such customers as the Royal Canadian Mounted Police (RCMP) have helped Med-Eng fine-tune its world-renowned products. "The bomb disposal helmet and suit we produce is RCMP-licensed technology. Our relationship with them has been superb and they have been very supportive," he said.

Med-Eng's bomb disposal apparel and equipment are used by police and military in more than 80 countries.

SIMONS INTERNATIONAL CORPORATION

In 1944, Howard Simons started an engineering consulting company to service the Canadian pulp and paper industry. Today, the Vancouver-headquartered Simons group of companies employs more than 2 500 people, provides a broad range of services to diverse industries, has clients all over the world, and has just won its second Canada Export Award.

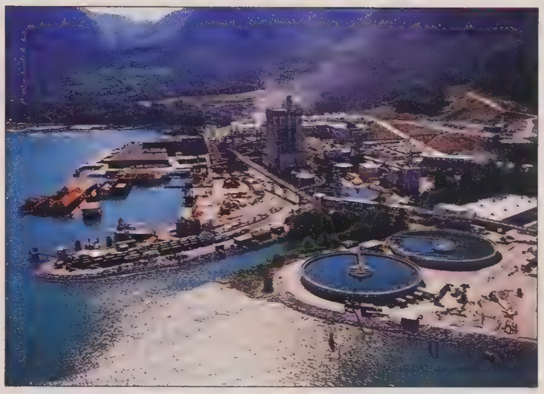
"Our first priority has always been to do the job properly," said Tom Simons, who assumed the presidency in 1968. "Our clients understand this, and as a result we have grown considerably over the years."

In 1994, exports made up 27.3 per cent of the company's business, up from 9.2 per cent in 1992.

If you need somebody to help you design a pulp and paper mill or a chemical plant from top to bottom as well as oversee its construction from start to finish, Simons can do it.

"We've completed more than 10 000 projects since 1944," said Tom Simons. "A large part of our success can be attributed to the willingness of our employees to work in whatever location and circumstances best suit the project's needs. For instance, for the Kiani Kertas greenfield pulpmill project in Indonesia, we have senior staff members living in Jakarta so that they can focus completely on the project. They don't have to wait for answers or instructions from our Canadian or Singapore offices."

"We've participated in a number of overseas trade missions sponsored by the Department of Foreign Affairs and International Trade and have found that they're very useful for gaining new contacts and project leads," said Tom Simons. "As well, we've extensively used the services of the Export Development Corporation to help finance our participation in international projects."



Simons has gained a firm foothold in the competitive consulting engineering market.

Using ground-breaking technology has helped Simons forge its success. An early user of Computer-Aided Design (CAD), the company pioneered the extensive use of computers in Canadian engineering companies in the 1970s and 1980s. Today, Simons continues to incorporate innovative use of computers in its projects, such as PASCE (3-D CADD design and modelling) and photogrammetry. The company has also developed a dynamic simulation modelling package for process and control analysis. Marketed under the trade name Simons IDEAS™, it is used for designing process plants, as well as for operational training.

"By keeping at the forefront of technology, we can offer our clients faster, more cost-effective and functional results," said Tom Simons. "And that's what you're looking for when you're building a multi-million-dollar facility."

SKYJACK INC.

Determined to climb to the pinnacle of export success, Skyjack Inc. of Guelph, Ontario, has increased its export sales by 244 per cent since 1992. The company also achieved a 51-per-cent compounded growth rate in sales and a 123-per-cent increase in net profits over the last few years.

Skyjack designs and manufactures elevating work platforms for building construction, renovation, maintenance and retooling. The platforms, a safe and economical alternative to scaffolding, range from 15 feet to 50 feet tall.

The company's exports jumped from $41 million a year ago to $73 million this year. Since 1989, its share of the competitive U.S. market in scissor lifts increased from 2 per cent to 20 per cent, in Europe from 8.8 per cent to 13.1 per cent, and in Asia-Pacific from zero to 17.5 per cent. Exports made up 93.2 per cent of Skyjack's total 1994 sales. Skyjack employs more than 500 people, a 250-per-cent increase since 1992.

Skyjack was conceived when Wolf Haessler, the company's president and founder, saw a scissor-lift platform being used for repair on the Gardiner Expressway in Toronto. Realizing there was an untapped market for this type of product, Haessler built his own prototype in 1981 and production started in 1985. Ten years later, number 10 000 rolled off the line, and Haessler estimates that within the next few months an additional 10 000 units will be manufactured.

Haessler says that Skyjack's elevating platforms are displacing older, more labour-intensive technology such as scaffolding and ladders. "They're a much safer and faster means of accessing high places," he said.

One reason for Skyjack's success is that the company constantly upgrades designs and researches new applications for its products. For instance, Skyjack recently introduced its first model of boom-type elevating work platforms. Unlike the scissor platforms that can only be elevated up and down, the boom allows elevation and side-reach ability and it is compact enough to be maneuvered in narrow aisles. Customer response has been so positive that Skyjack's entire production for 1995 is already sold out.

Skyjack's elevating platforms are displacing older technology such as scaffolding and ladders.

STANDARD KNITTING LTD.

Unravelling the intricacies of exporting has been a cinch for Standard Knitting Ltd. of Winnipeg, Manitoba.

In 1994, the 30-year-old company recorded a 425-per-cent increase in export sales from 1992. Exports currently make up 61 per cent of Standard Knitting's total sales, up from 1992's 29 per cent. The company employs 264 people, a 233-per-cent increase since 1991.

"The key to our success is quality and technological innovation," said Michael Wang, Standard Knitting Ltd.'s president and owner. "We offer distinctive designs, a myriad of colours and eye-catching patterns for our Tundra knitwear. We can hardly keep up with the demand for our product."

The Export Development Corporation (EDC), the Western Diversification Economic Fund (WDEF) and DFAIT's Trade Commissioner Service were instrumental in helping Standard Knitting break into its targeted export markets, says Wang. "The WDEF provided funding for market development as well as for some equipment and EDC supplied essential export insurance coverage," he said. "And whenever we explore new market options, we almost always pay a visit to the Canadian Trade Commissioners located there. They can give an export-ready business invaluable information."

For many years, Standard Knitting was content to sell its products in Canada, with a few forays into the United States. When Wang bought the company in 1990, he decided to revamp it, and invested heavily in research and development as well as product design.

Wang credits part of Standard Knitting's success to the widespread use of computer technology and its embrace of state-of-the-art knitting equipment. "By using Computer-Aided Design technology, our designers in-house and in Italy and New York can come up with patterns and colour combinations that are very unique," he said. "Consumers are tired of the same old designs and colours. They want to buy something that reflects their individuality. That's where we fill the niche."

Understanding that Standard Knitting could not effectively compete with low-priced garments imported into its export markets, the company decided to shift to more fashionable apparel that was not as price sensitive. "We realized that we could compete in the higher end of the market," said Wang. "We could carve a niche in our export markets by providing high-quality, fashionable knitwear that was less expensive than our competitors' products."

In 1994, Standard Knitting recorded a 425-per-cent increase in export sales.

SURVIVAL SYSTEMS LIMITED

In 1981, Albert Bohemier survived a helicopter crash. One year later, he and a colleague, John Turton, founded a business dedicated to saving lives.

Survival Systems Limited of Dartmouth, Nova Scotia, specializes in safety training for the offshore, marine, military and industrial sectors. "We started as a training school for the East Coast offshore oil industry, and over the years expanded our target markets," said Bohemier, the company's president.

But Survival Systems' customers don't just sit in a classroom listening to safety lectures. For example, aircrew receive hands-on experience in how to deal with a downed aircraft through Survival Systems' Modular Egress Training Simulator (METS), a training device that simulates a helicopter crash into water and trains people to safely escape.

While the METS is Survival Systems' sole export, it has developed a second simulator for national and international trade. The Mobile Industrial Rescue Trainer (MIRT) is used to train workers in safe, confined-space work procedures and emergency rescue techniques.

"While training videos and classroom presentations produce positive results, there is nothing like experiencing the real thing," said Bohemier. "Our customers learn first-hand how to escape a downed aircraft, rescue an injured co-worker from a confined space, or abandon ship."

Survival Systems' training has saved lives. To date, and as recently as June 1995, seven military and civilian aircrew have crashed in various aircraft. Each attributes their survival, in some part, to Aircraft Ditching Training received at Survival Systems Limited.

Survival Systems' customers don't just sit in a classroom, they receive hands-on training.

Since its initial design, METS has come to be recognized as the most realistic underwater escape trainer in the world. In 1994, exports rose 220 per cent from 1992 and make up 52 per cent of the company's total sales, up from 21 per cent in 1992.

"Insurance backing from the Export Development Corporation helped Survival Systems to realize overseas deals," said Bohemier. "Without this type of backing, some of these deals would not have come to fruition." Bohemier also visits DFAIT's Trade Commissioners when he travels abroad on business. "They are often my first point of contact. I view them as an extension of our marketing efforts," he said.

THOMAS EQUIPMENT LTD.

Manufacturing what has been called the "Swiss army knife" of heavy machinery, Thomas Equipment Ltd. of Centreville, New Brunswick, has enjoyed a 76.5-per-cent increase in its export sales over the past two years. This is Thomas Equipment's second Canada Export Award.

Thomas Equipment, a wholly-owned subsidiary of McCain Foods Ltd., designs and manufactures skid steer loaders as well as potato harvesters and other agricultural machinery. But it is its skid steer loaders that drive the company's export success.

"Name the job and we have a loader to match it," said Peter Mabee, Thomas Equipment Ltd.'s product and marketing manager. "Our loaders are equally at home on the farm, on heavy construction sites, on landscaping sites, in industrial plants, mining installations, foundries, recycling plants or in demolition work."

Customers in the more than 50 countries that Thomas Equipment exports to are lining up to buy its loaders which boast more than 30 attachments.

The United States is Thomas's biggest export market, making up 58 per cent of total sales. Recent growth has also been realized in other countries, especially Australia. "Since we joined forces in 1993 with an excellent dealer there, our Australian sales have gone from a zero to 11 per cent of market share," said Mabee.

Mabee attributes Thomas Equipment's exporting success to its dedication to quality design and manufacturing. "We've gained a worldwide reputation for building top-notch, reliable products," he said. Thomas Equipment, which employs 295 people, is also registered as an ISO9002 company.


Thomas Equipment's loaders drive the company's export success.

Though name recognition is important, Mabee says that there are other factors that have helped Thomas Equipment beef up its export market share. "Finding the right dealers and distributors for our products, and being competitive in price and value have certainly helped us."

Taking advantage of government programs has also helped, added Mabee, who says Thomas Equipment has used the Export Development Corporation and DFAIT's Trade Commissioner Service for financing and business contacts abroad.

WREBBIT INC.

You can be the architect of the Eiffel Tower, Mecca, the Empire State Building and Big Ben, thanks to Wrebbit Inc. of Montreal.

Wrebbit designs and manufactures PUZZ-3D, full-colour, three-dimensional (3-D) jigsaw puzzles of more than 40 famous landmarks and period architecture. The intricate puzzles, made of non-toxic polyethylene pieces, delight and challenge players of all ages.

"We've combined the patience of assembling a conventional jigsaw puzzle with the excitement of building a three-dimensional model," said Paul Gallant, Wrebbit's president and founder. "Day by day, this new concept is being met with overwhelming acceptance as a challenge and as a family-oriented activity."

Puzzle enthusiasts in more than 65 countries are snapping up Wrebbit's innovative designs. In 1992, its first fiscal year, Wrebbit employed 12 people and had sales of $1.3 million. Today, the company employs 357 with sales of $35 million. Exports make up 87 per cent of Wrebbit's total sales.

"From the very beginning we had the feeling that PUZZ-3D would revolutionize the traditional puzzle world," said Gallant. "Our puzzles become works of art once they're assembled. They're a form of entertainment that brings the family together. Once people have completed a puzzle they get a real sense of satisfaction out of having built something concrete."

But Wrebbit isn't just committed to making great puzzles. The company also designs and manufactures games such as "MixMath", "Golf, The Perfect Game" and a working clock that you make out of paper. In addition, Wrebbit recently acquired a new subsidiary, 3-D Vision Internationale Inc., which has developed a unique concept and design for a three-dimensional viewer.

Gallant estimates that the market potential for PUZZ-3D has been largely untapped. "Given the fact that there are limitless possibilities for our puzzle designs, we're confident we'll keep growing," he said.


Wrebbit's 3-D jigsaw puzzles delight and challenge players of all ages.

Serving Canadian Interests Globally

CIBC is proud to be a sponsor of the 1995 Canada Export Awards, recognizing the contributions of outstanding Canadian firms to Canada's economic livelihood.

CIBC, one of North America's 10 largest banks, is also a broad-based Canadian financial services group, providing a wide range of trust, insurance and investment banking services in Canada and around the world. CIBC serves some 6 million individuals, farmers and businesses across Canada.

As one of the largest providers of financial services to Canadian companies, CIBC is working to deliver to its customers expanded and continuously improving products and services.

Trade finance products and services have been recognized by CIBC for many years as particularly important to supporting their exporting customers. Encouraging the development of Canada's export performance has been part of CIBC Trade Finance Division's role for many years. Innovative solutions for exporting problems and professional services to the exporting community resulted in CIBC receiving a Canada Export Award in 1991 for its outstanding performance in providing financial services to Canadian exporters.

The Trade Finance Division has six Trade Finance Centres across Canada facilitating close working relationships with its customers. The Structured Trade Finance Group has offices in Toronto, New York, London and Singapore to enable CIBC to develop export financing arrangements for large projects and capital goods sales. Together, these teams are able to provide Canadian exporters with a full range of financial and advisory support.

EDC SEE

Minimize risk.
Export with confidence.

Creative Financial Solutions for Canadian Business

As a partner to Canadian exporters for more than 50 years, the Export Development Corporation (EDC) is very pleased to sponsor the 1995 Canada Export Awards. Many of our customers have been recognized for exporting excellence in the past, and we are confident our services will continue to be an essential component of the export strategies of both small and large Canadian businesses in the future.

EDC is a financial services corporation dedicated to helping Canadian business compete and succeed in the global marketplace. EDC provides a wide range of flexible and innovative financial solutions to exporters across Canada and their customers throughout the world. Our risk management services — including insurance, financing and guarantees — have become an integral part of the export strategies of many large and small Canadian companies.

Canada's prosperity has long been linked to our export success. Indeed, we are a nation that lives by trade, and EDC is committed to ensuring the long-term competitiveness of Canadian exporters. EDC is currently active in more than 130 countries, including many of the new, emerging markets in Asia, Latin America and Eastern Europe. The Corporation's services are critical to helping Canadians diversify the markets for their goods and services.

EDC encourages long-term relationships with its customers and partners at home and abroad. Strengthening the competitiveness of our exporters — be they small, medium or large — helps create and sustain jobs and growth in every region of Canada and every sector of the economy.

EDC: 1-800-880-1884

InfoCentre
1-800-267-8376

For information on international business development programs and services, DFAIT operates the *InfoCentre*, a referral service and information resource centre where Canadians can obtain information on international markets and Canadian foreign policy. Information is available in hard copy or electronically through the Centre's FaxLink service, the InfoCentre Bulletin Board (IBB), and through the Internet.

"We are now receiving requests for support for many private-sector transactions, in addition to the large, public-sector infrastructure-related projects that we have traditionally supported," says Karim. "In particular, Canadian companies are requesting support for power projects with India's private sector, and for small transactions below US$5million with a large variety of sectors."

To support smaller transactions under US$5 million, EDC is in the process of implementing a line of credit with the Export-Import Bank of India (Exim) and a line of credit with the State Bank of India. (See article, page 16.)

As well, EDC is actively exploring financing possibilities for transactions with state governments and is the first export credit agency that has asked a local rating agency in India to rate a state according to risk. This rating will provide a benchmark for the other states.

Changed market conditions have negated the previous need for EDC to provide Canadian exporters with concessional funding ("subsidized" or "soft" funding provided through EDC by the Government of Canada). As well, as a result of the positive economic changes taking place in India, EDC is exploring the possibility of assuming risk with the new sectors in the economy, to respond to the enhanced risk profile of the market and exporter needs.

"For example, EDC is evaluating the possibility of assuming limited direct risk with the top-tier, private-sector firms in India," says Karim. "EDC is also exploring the possibility of assuming direct risk with India's creditworthy states."

Furthermore, EDC is considering various transactions on a limited recourse financing basis, notably in the power sector. "These projects must be properly structured and viable and may require support from the Indian government or banks," Karim points out.

For most transactions, EDC is responding to a full range of financing options that includes buyer credit and supplier credit, guarantees and leveraged leases, and commercial and structured financing.

EDC's financing structures can be done on a sovereign or commercial risk basis. "We are evaluating the possibility of assuming direct risk with due diligence and a possible credit rating of the borrower," says Karim.

Commercial loans may require a guarantee from a top-tier bank. EDC could lend to the State Bank of India, Industrial Credit and Investment Corporation of India (ICICI), Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), Export-Import Bank of India, Bank of Baroda, Punjab National Bank, Canara Bank and Bank of India.

Other banks could be considered upon special request. (Note: it is important to determine at an early stage, and to notify EDC as early as possible, which bank may be involved in a particular transaction, so that EDC can assess the creditworthiness of the bank.)

While opportunities in certain industries continue to dry up in industrialized countries, India continues to beckon to exporters and investors the world over. Canadian companies must move quickly to establish a presence in this market. Otherwise, they may miss out on the chance to bask in the glow of one of Asia's finest jewels.

Lynn Gauker, with contributions by EDC's Economics, Financing, Insurance and Marketing Departments

When in India...

- Be aware of the local holidays, which vary from region to region.
- Don't use first names.
- Do not use aggressive, hard-sell techniques; modest behaviour will help you get your foot in the door much faster.
- Demonstrations of knowledge of Indian history, languages, literature, religions and philosophy will put you in a favourable light.
- Local buyers often tend to continue to work during business meetings (taking telephone calls, signing papers, talking to assistants, etc.).
- Expect to face seasoned negotiators on the other side of the table.
- You will find that most professionals have world-class technical skills.
- Your buyer may appear skeptical of or indifferent toward you at the beginning; however, (s)he will demonstrate appreciation of your product or service once the relationship has developed.
- Transactions with the private sector progress faster than transactions with the public sector. However, exporters may still face certain bureaucratic obstacles in their private-sector dealings (e.g., obtaining approvals for offshore borrowing and foreign exchange insurance).
- Buyers will explore all their options before making a decision.
- Decision making can be a lengthy process, involving numerous individuals and committees.
- The department secretaries (the equivalent to Canadian deputy ministers) are the most powerful bureaucrats and normally must approve all transactions in the public sector.
- All transactions involving off-shore financing and borrowing must be approved by both the Ministry of Finance (Department of Economic Affairs) and the Reserve Bank of India (the central bank). Approvals take at least two months to be finalized.
- The Canadian exporter has to drive the transaction to conclude the deal expeditiously.

Anis Karim, South Asia Department

Boosting financing support for India and Indonesia

Canadian exporters and their smaller-sized, private-sector buyers in India and Indonesia are gaining enhanced financing support through EDC's lines of credit.

EDC is helping Canadian exporters sharpen their edge when it comes to winning smaller-sized contracts with private-sector companies in India and Indonesia. The Corporation is putting lines of credit (LOCs) in place with banks in these countries to help exporters capture deals they may have been unable to capture in the past.

Negotiations for an LOC with the Export-Import Bank of India (Exim) have been successfully concluded, and the LOC is expected to be in place in the near future. Negotiations for an LOC with the State Bank of India are at a final stage, and the LOC is expected to be in place in the near future.

Earlier this year, EDC signed a US$10 million LOC with PT Bank Umum Nasional (BUN) of Jakarta, Indonesia. This is EDC's first LOC with a commercial bank in Indonesia and reflects the Corporation's increasing support for private-sector business. EDC is also pursuing small facilities with a number of other Indonesian banks, including Bank Ekspor Impor Indonesia and Bank Niaga.

India and Indonesia are increasingly becoming commercial markets and Canadians are doing more and more business with the private sectors of these countries. Because many of these private-sector companies are small, it can be difficult to assess their creditworthiness.

The need for Canadian exporters to have access to LOCs with local banks in these countries has therefore become critical: local bankers are in a better position to obtain appropriate credit evaluations of potential foreign buyers, as the banks may have already had (banking) experience with the buyers. This was one of the reasons that compelled EDC to establish LOCs with banks in India and Indonesia.

Another reason why EDC's lines of credit are extremely useful to Canadian exporters and their Indian and Indonesian buyers is that most smaller-sized and private-sector companies in India and Indonesia have a hard time accessing medium- to long-term financing from local sources, due to local market conditions. These LOCs offer much longer repayment terms than what these buyers can usually obtain under current market conditions.

EDC's LOCS with banks in India and Indonesia also offer:

- a convenient and efficient way to accommodate smaller transactions;
- a means for exporters to enhance their position at the start of negotiations;
- attractive repayment terms for transactions for foreign banks and their clients (buyers of Canadian goods and services);
- a convenient way to secure foreign financing if the borrower is already a client of the foreign bank;
- overall lower costs to borrowers than a straight loan for smaller transactions, as the costs of putting the loan are spread across various transactions;
- faster turnaround than straight loans, as the facilities are already in place;
- time and cost savings, as most financing terms and conditions have been pre-negotiated;
- a means of facilitating trade with Canada; and
- a source of financing that is well-suited to service-oriented contracts, in addition to traditional sales of capital goods.

If a small transaction cannot be processed under an LOC, EDC can also consider a one-off direct loan with the financial institutions concerned. As well, EDC remains open to accommodate larger transactions under appropriate security structures in India and Indonesia.

Anis Karim and Minh-Huy Lai
South Asia Department

How to access EDC's lines of credit

Since all the terms and conditions of these credit facilities are already established, processing an application is fast and easy.

- Contact your account manager at EDC's regional office during the early stages of discussions with your customer. EDC will need:
  - details of the proposed transaction;
  - financial and technical information on your company; and
  - a copy of the draft commercial contract, when available.
- EDC's exposure fee is payable by the exporter. Please contact EDC at an early stage of the transaction to establish where the responsibility lies for payment of the exposure fee.
- For general purpose lines of credit, ask your customer to contact the bank promptly to establish eligibility for financing. Once this is approved and the commercial contract is signed, the bank will submit an application for financing to EDC.
- EDC will process the application and will respond with a formal offer of financing for your acceptance.
- Once the financing offer has been accepted and all documentation has been submitted to EDC, EDC will pay you directly, on behalf of the borrower, according to the terms of your commercial contract.

Indonesia: Asia's economic powerhouse of the future

As Indonesia celebrates its 50th anniversary of having achieved independence, its future looks promising and its doors are opening wider for private-sector business. Canadians are well-advised to avidly pursue export and investment opportunities in this country, but with both eyes wide open.

In recent years, the words *privatization* and *deregulation* have practically become synonymous with Indonesia. The Indonesian government's commitment to privatizing and deregulating the utility sectors, air and railway transportation, and telecommunications, among other sectors, is radically changing the way exporters and investors around the world do business with this country.

According to a World Bank report, "After a quarter century of steadily rising incomes, Indonesia has become more diversified, less dependent on oil, more industrialized, more urbanized, increasingly driven by private initiative and more integrated into the global economy. Its policy makers are committed to deregulation, outward orientation and economic efficiency."

"Indonesia's poor population has benefited from the steady growth this country has achieved for the past 28 years, under the direction of President Suharto," says Jocelyne Lussier, an EDC economist. "Gross Domestic Product (GDP) averaged 6.5 percent annual growth throughout this period."

Nevertheless, a large percentage of the population still lives just barely above the poverty level. The country is therefore continuing to pursue policies and programs to improve the living conditions of the poor and the near-poor.

These programs and policies are following Indonesia's general development strategy. This strategy encompasses an even stronger commitment to deregulation, export growth and attracting foreign investment, including an increasing role for the private sector. The strategy also focuses greater attention on issues such as quality of health and education services, sustainable resource management, the quality of the urban environment and the development of Indonesia's financial institutions.

As well, the country needs to continue to diversify its economy as much as possible, given that its oil reserves are running out. While oil had literally fueled Indonesia's economy for the past 30 years, since 1988, non-oil exports have surpassed oil exports in terms of government revenues.

All of this bodes well for Canadian exporters, whose products and services are well-matched to the needs of one of the fastest growing and most populous countries in the world. Telecommunications, mining, power generation, transportation, communications and pulp and paper are all key sectors in Indonesia in which Canada has expertise. Other prospective sectors include agriculture and environmental technology and services.

The news is good for Canadian investors as well. Foreign direct investment has become over the years a major source of finance for Indonesia's development. The government has set stringent limits for foreign borrowing, to reduce its foreign debt burden, and is discouraging private businesses from borrowing overseas.

More private-sector financing

With industry being the main engine of growth in Indonesia and private-sector consumption picking up, EDC is increasingly being asked to look at commercial risk and limited recourse financing.

"To date, Indonesia has been one of our most active markets in Southeast Asia," says Minh-Huy Lai of EDC's South Asia Department. "Over the past five years, we have provided $434 million in financing support for Canadian exports to Indonesia. However, as more opportunities open up in Indonesia's private sector, EDC is expected to increase its exposure and involvement in private-sector lending."

Photo courtesy of PT Bank Umum Nasional

Last May, EDC signed a US$10 million line of credit with PT Bank Umum Nasional (BUN) of Jakarta, Indonesia. From left: David C.S. Lam, Vice President, BUN; Herman Suryono, Senior Vice President, BUN; Guill Rishchynski, Canadian Commercial Counsellor and Consul; Minh-Huy Lai, EDC, South Asia Department; Johann Karunia, Executive Director, BUN; Leonard Tanubrata, President Director, BUN; June Domokos, EDC, Vice-President, Asia & Pacific Division; Kaharudin Ongko, Vice Chairman, Board of Commissioners, BUN; Lawrence T. Dickenson, Canadian Ambassador to Indonesia; Yvonne Chang, EDC, South Asia Department; Irjanto Ongko, President & CEO of BUN; Sachman H. Kadiman, Executive Director, BUN; Max D. Setijadi, Executive

To facilitate private-sector borrowing, especially for smaller buyers for which long-term credit is often not readily accessible, EDC has implemented a US$10 million Line of Credit (LOC) with Bank Umum Nasional (BUN) of Jakarta, Indonesia. (See article on lines of credit, page 16.) EDC hopes to advance discussions for new LOCs ranging from US$10 million to US$25 million and is willing to consider on-lending or guarantee arrangements with other top-tier banks.

"We may also provide direct lending for limited amounts to top-tier private corporations that have an international profile – those that have borrowed overseas, obtained credit ratings from reputable rating agencies, have reliable audited financial statements, etc., such as PT Indah Kiat Pulp and Paper, Bakrie and Brothers and PT Indocement," says Lai. "When the credit amounts exceed our appetite for a particular private entity, EDC could invite other financial institutions to join in for co-financing."

For other private-sector firms, EDC can structure financing through an Indonesian bank in two ways: lending to an acceptable borrower with a bank guarantee, and lending to a bank for on-lending using the line of credit, or a stand-alone credit structure, to support a specific transaction.

With the consolidation of Indonesia's banking industry under way, better enforcement of banking rules is needed, as bad debt and non-performing loans are still a problem. Despite this, EDC is willing to work with selected commercial banks to support private-sector deals.

"The central bank's tight monetary policy limits the offshore borrowing by Indonesian banks and will affect the amount of commercial financing that can be done in the next couple of years," says Lai.

He adds that certain international and Canadian banks do have an appetite for Indonesian risk ranging from three to five years. "In addition to top-tier private companies, we can consider selected public companies for direct corporate risk. These companies include PLN, Pertamina, PT Telkom and PT Jasa Marga."

Although opportunities to do business with Indonesia's private sector are burgeoning, the state of development of the country's legal system presents challenges for commercial lending, especially for limited recourse financing (financing provided for projects in which the lenders, such as export credit agencies, are relying primarily on the cash flow generated by the project to repay their loans). EDC is currently assessing various limited recourse financing projects in Indonesia.

While EDC is increasingly interested in providing more financing for transactions with Indonesia's private sector, the Corporation continues to have a healthy appetite for sovereign risk.

In addition to providing Canadian exporters with buyer and supplier credits, EDC can also provide guarantees, lease structures and other specialized financial products.

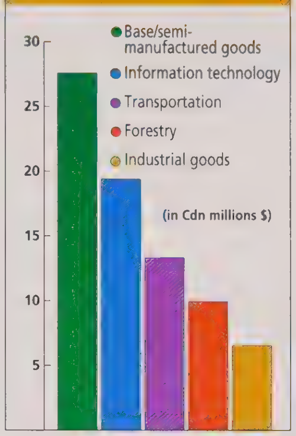
Foreign investment

To attract foreign direct investment to increase exports, Indonesia has virtually removed divestment requirements for foreign invested enterprises, reduced minimum investment levels and explicitly opened up infrastructure sectors to foreign investment. EDC's Foreign Investment Insurance can protect investors against losses resulting from three political risks: inconvertibility and transfer; expropriation; and war, revolution or insurrection.

EDC's Medium Term Insurance Division has provided support to Canadian exporters with equipment and service contracts in the mining, pulp and paper, telecommunications, power, and oil and gas sectors.

Over the past five years, EDC has provided Cdn$50 million in medium-term insurance support to exporters doing business in Indonesia. Credit insurance can be considered for exports to Indonesia on open account or Letter of Credit basis, without restrictions. In addition, bid and performance bonding is commonly required in this market, for which EDC can look at wrongful call coverage to exporters, as well as performance security guarantees to exporters' banks to help free up their bank lines.

EDC business in Indonesia
(top 5 industry sectors – 1994)



Short-term support

In 1994, EDC's short-term insurance volume totaled Cdn$54 million for exports to Indonesia. Principal products supported by EDC's short-term insurance in recent years have included asbestos and asbestos cement products, pulp and paper products, potash, machinery and equipment. Whereas the majority of transactions remain secured by Letter of Credit, drafts, cash against documents and open account terms are increasingly being used.

In the past, EDC had expressed concerns over the quality of the credit and financial information sourced from Indonesia. In recent years, however, the situation has improved, and EDC's Short Term Insurance Division is now quite satisfied with the integrity of information available. With no restrictions applying in this market, short-term insurance coverage can be considered for payment terms ranging from open account to Letter of Credit.

"Since Indonesia is an emerging market, our short-term insurance gives exporters a good deal of comfort, knowing that their credit decisions are backed by EDC," says Jacqueline McGinn, an underwriter in EDC's Short Term Insurance Division.

Just as EDC's insurance and financing support can help Canadian exporters succeed in the Indonesian market, so can several other factors.

"If a Canadian exporter plans on doing business in Indonesia, it's imperative that s(he) has a product or service that is distinct from others on the market and that is tailored to meet Indonesian requirements," Minh-Huy Lai points out. "It's also important to establish a local presence in Indonesia, through an agent or a business alliance, and to ensure that the product or service can compete price-wise.

"Together with EDC's support, these ingredients will provide exporters with a recipe for success when doing business in Indonesia."

Lynn Gauker, with contributions by EDC's Economics, Financing, Insurance and Marketing Departments

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Canadian exports coming in for soft landing

While the U.S. economic slowdown has dampened Canadian exports to this market, demand from emerging markets is making up for the loss.

Canadian exports are forecast to grow at an average annual rate of 9.2 percent between 1995 and 2000. This is slightly below the 11.5 percent growth registered between 1990 and 1995 but still well up from the four percent growth that occurred between 1985 and 1990.

KEY EXPORT MARKETS

United States

The United States remains Canada's largest market, the destination of 85 percent of Canadian exports. Exports to the United States are expected to increase by an average annual rate of 8.7 percent between 1995 and 2000. Continued, favourable exchange rates and unit labour costs will improve our relative cost competitiveness and will reverse some of the effects of the expected U.S. economic slowdown.

Western Europe

Western Europe is Canada's second-largest commercial market, despite having lost some importance during the recent European recession. Just over six percent of Canada's exports are destined for Western Europe, down from 10 percent in 1990. For the 1995 to 2000 period, Canadian exports to Western Europe are expected to grow at an average annual rate of 11 percent, reflecting the recovery under way in this region.

Japan

Japan remains Canada's third-largest market. Traditionally, Japan garnered between five and 6.5 percent of our exports. However, since 1990, this share has softened to 4.5 percent. The persistent malaise in the Japanese economy over the past two years has contributed to this decline.

Exports to Japan are expected to increase at an average annual rate of 7.2 percent between 1995 and 2000. The recent, strong appreciation of the yen will give Canadian exporters a boost in this market, particularly for exports of coal and forest products.

Asia

Asian markets were the destination of four percent of Canadian exports in 1994, down from a peak of 5.7 percent in 1991. The Asian economy continues along a strong growth path. This bodes well for EDC, and therefore for the Corporation's customers, since the Asian market represents close to 11 percent of EDC's business. Exports to Asia are expected to flourish at an average annual rate of 14.5 percent between 1995 and 2000.

Latin America

Latin America is Canada's fifth-largest market, receiving close to a two percent share of our exports. This share is expected to increase once the larger economies of Mexico, Brazil and Argentina resolve some of their structural difficulties. Canadian exports to Latin America are forecast to grow at an average annual rate of 13 percent between 1995 and 2000.

TOP FIVE EXPORTS

Automotive products

Canada's key export in terms of dollar value is automobiles and parts, representing 26 percent of total exports. Close to 98 percent of these exports goes to the U.S. market. Average annual growth of 7.3 percent is forecast between 1995 and 2000, down from 13.4 percent between 1990 and 1995. The expected slower growth in the U.S. economy is a key factor in this forecast.

Forest products

Forest products represent Canada's second-largest export, with 15 percent of the total. Strong prices for pulp and newsprint have kept this product group buoyant. Conversely, lumber prices have dropped and demand is weakening as the U.S. housing market cools off. Average annual growth in forest products is expected to fall to five percent between 1995 and 2000.

Capital goods

Capital goods are Canada's third-largest export, accounting for 14 percent of total exports. Capital goods are expected to lead the way for our exports, posting a 17.4 percent average annual growth rate between 1995 and 2000.

Close to 80 percent of these exports goes to the United States. The slower growth in the United States during the forecast period is not expected to have as great an impact on capital goods exports from Canada as it has on other sectors of the economy. Increased investment will support Canadian capital goods in the United States, Asia and Latin America.

Mineral products

Mineral products are Canada's fourth-largest export, with an 11 percent share of total exports. Average annual growth of 11 percent is forecast for 1995 to 2000, up sharply from the six percent growth that occurred between 1990 and 1995. Demand from Asian and Latin American markets is expected to be particularly strong. Currently, about 70 percent of mineral products are exported to the United States, 16 percent to Western Europe and four percent to Japan.

Energy products

Energy products are Canada's fifth-largest export group, with an eight percent share of total exports. Energy product exports are forecast to grow by 7.7 percent between 1995 and 2000. More than 95 percent of Canadian energy products are exported to the U.S. market. The sole exception is coal exports, of which 60 percent goes to Japan.

The weaker growth outlook for the United States will slow the growth of our energy exports. A recovery in the Japanese economy, together with an ever-increasing Asian market will, however, keep coal exports strong in the next two years before a slowing trend starts around the year 2000.

***Bryan Gormley,** Economist*

Country diagnosis

For EDC, prevention is cheaper than cure.

In measuring country risk, EDC's analysts are concerned with the political and economic health of countries. We are not the only ones to analyze foreign countries, of course. There are many in government, industry, academia and the press who do so. However, our purpose is not political, academic or simply informative.

We diagnose the health of countries for a darker purpose. Unhealthy countries are also risky countries – countries that might have trouble paying their foreign trade bills next month or next year, or repaying their foreign debts over five, 10 or 15 years.

Samuel Johnson said: "Depend upon it, Sir, when a man knows he is to be hanged in a fortnight, it concentrates his mind wonderfully." At EDC, our minds are similarly focused by the thought that we may not get repaid in a fortnight.

Risky business

EDC has always taken risk very seriously because, unlike some export credit agencies, it has never been able to count on a bottomless government subsidy. EDC has to operate on a quasi-commercial basis, to be largely self-supporting, financing operations from earnings and borrowing on the international money market. Not everyone realizes this: some have the idea that EDC's duty is to accept any and every risk in the name of export promotion.

Country risk is basically about a country's capacity or will to meet its external debts (of both its public and private sectors) on time and in convertible currency. It is distinct from commercial risk, which is the will or capacity of buyers to pay on time in local currency.

Seen under a microscope, country risk starts to multiply. First, there are political and economic risks – a coin with two sides, distinct but inseparable. EDC monitors, analyzes and forecasts both. One or the other may be the main problem in a country, or both may be, or one may infect the other.

Professionally, we do not care whether a government is communist or fascist, a democracy, a dictatorship or a theocracy – we just assess the effect of the political situation on the economy, balance of payments and external debt.

EDC has always taken risk very seriously because, unlike some export credit agencies, it has never been able to count on a bottomless government subsidy.

Secondly, there are short, medium and long-term risks. "Short" means less than a year, "medium" up to about five years, "long" up to about 12 years, or more for a megaproject. It is normal to have a different cover policy for each of these risks, according to circumstances.

Various kinds of risk

Thirdly, there are various kinds of risk, whether in short and medium-term insurance or in long-term financing. Medium-term insurance risks include, among others, some very specific foreign investment insurance risks – concerning expropriation, war and insurrection, and transfer. These risks are assessed project by project, and separate insurance policies can be obtained for each type of risk.

EDC is on cover for selected foreign investment risks in countries where no other type of cover would be considered in our wildest dreams. We tend to approach such proposals from a more political angle, but political and economic factors are always intertwined.

Fourthly, there is both public and private-sector risk. The government or public sector is often uncreditworthy because its finances are in a mess, while private-sector borrowers may be acceptable on a case-by-case basis (the commercial risk factor) if the country's foreign exchange position is satisfactory. Alternatively, EDC may have more confidence in a government as a debtor than it has in the private sector.

Delicate dissection

To dissect these various risks, EDC uses a scalpel, not an axe. We must be clear which risk we are up against. Both insurance policies and financing agreements can then be tailored to fit the risks identified in a particular transaction.

Short-term country risks embrace a variety of conditions which may be met in several ways. EDC's underwriters have an arsenal of defensive measures to increase security and reduce the possibility of arrears or loss. However, security comes at a price, so it is important to identify and measure the risk as accurately as possible, to determine the right level of security.

Short-term risk analysis is also highly empirical. As a result of experience, EDC normally acts on short-term payment problems as they happen, not in case they might happen. We then adopt restrictions appropriate to the case. When we try to anticipate potential short-term payment problems and take preemptive measures, we usually regret it.

(Continued on page 22)

Getting the money back

EDC's ability to achieve a high success level in collecting on overdue loans translates into a number of benefits for customers.

Canadian exporters often ask what role the Loans Administration Department plays at EDC. Our response: "We disburse money to Canadian exporters and then work on getting it back from foreign borrowers."

The "work on getting it back" part never fails to elicit a few chuckles. But the truth of the matter is that we sometimes have to go to great lengths to get the money back from foreign borrowers.

An overdue loan can often be resolved with a few phone calls and follow-up telexes to the borrower. EDC may have to be flexible and grant a grace period.

In more extreme cases, we may have to pay borrowers a visit, to help them work out their payment difficulties. This often involves traveling to destinations not on the tourist route.

Regardless of how difficult the situation may appear to be, EDC remains focused on collecting on the loan since our level of success directly impacts on our customers. A high level of success translates into better customer service, since more funds are available for future lending and EDC can take on more risk.

We are not alone

The weakening of economic and political conditions in foreign markets in recent years has contributed to a significant rise in overdue loans. Nevertheless, EDC has been successful in collecting on these loans.

Our success has been achieved, in good measure, from the collaboration we receive from the Corporation's Financial Services and Legal Services Divisions. We also receive valuable assistance from the Canadian embassies in the debtor countries and from embassy representatives in Ottawa.

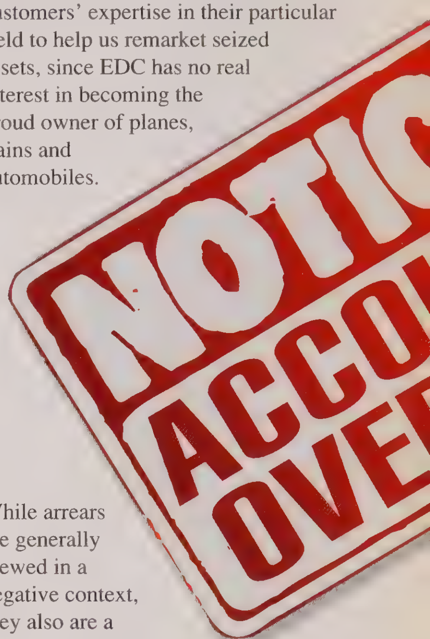
One of the most effective ways of recovering on sovereign loans (loans made to foreign governments) is through the Paris Club. The Paris Club is an international forum comprising creditor governments who meet monthly in Paris to discuss the rescheduling of medium and long-term loans for countries seeking debt relief.

Once Paris Club members have signed a multilateral agreement with the debtor country, EDC will negotiate its own bilateral agreement with that country. Sovereign debt dealt with through the Paris Club has enabled EDC to reopen for business in countries such as Turkey and Morocco.

Planes, trains and automobiles

Collecting on overdue commercial loans requires a whole different set of skills, since no forum such as the Paris Club exists to help us recover on these types of loans. The ways in which we recover on commercial loans are as varied as the number of loans we make.

Refinancing or restructuring commercial loans can range from a simple restructuring of payment obligations to the seizure of assets and full-blown legal proceedings. We often rely on our customers' expertise in their particular field to help us remarket seized assets, since EDC has no real interest in becoming the proud owner of planes, trains and automobiles.



While arrears are generally viewed in a negative context, they also are a measure of EDC's success. If we weren't prepared to take on some risk and help our customers, we would not have any overdue accounts on our loans.

And, oh yes, we frequently do get paid on time.

Alice Philippe and Glen Simpson
Loans Administration Officers

Country diagnosis

(Continued from page 21)

Medium and long-term risk requires a different approach, given the larger amounts and extended maturities involved. A country's ability to repay its longer-term external debt is judged by a comprehensive analysis of its political and economic circumstances, projected as far into the future as necessary or possible.

However many factors we take into account, the bottom line is a country's balance of payments and external debt position. Will there be serious arrears or debt rescheduling? If so, what kind of debt rescheduling? Will rescheduling help the debtor country to recover, or will EDC have to offer concessionary rescheduling at some cost to our bottom line, or debt reduction at taxpayers' expense for what were supposed to be exports?

Not long ago, it was widely reported that the global debt crisis was over. Well, the crisis is behind us, but the convalescence is far from over. In many countries, the malady lingers on. And while some are recovering, new patients are still being admitted. Country risk assessment – think of it as preventive medicine.

Peter Bailey
Former Assistant Chief Economist (recently retired)

The collection policy: A powerful financial tool

In today's business climate, companies have to continuously do more with less. Implementing a collection policy is a simple and effective way for companies to better manage their cash flow.

While companies manage their cash flow by using a variety of financial tools, the collection policy is one tool that is gaining particular popularity among EDC's customers. At EDC seminars where discussions focus on insurance claims, a number of exporters have indicated their company has instituted or will be instituting a collection policy.

Big on benefits

A collection policy is implemented to help a company control its cash flow. The policy provides employees with clear operational direction about collecting on overdue accounts. As well, the policy gives customers fair warning about what action the company will take should an account become overdue.

Companies can derive several other benefits from a collection policy. Teamwork is enhanced, since employees throughout the organization have helped create the policy and have therefore bought into it. Sales personnel can become more productive, since they're not having to deal with buyers who aren't paying their bills. And delegation down the chain of command is made possible, allowing senior personnel to concentrate on their areas of expertise and providing employees with greater job autonomy and satisfaction.

One example of an EDC customer that successfully created and implemented a collection policy is a fast-growing, high-tech company located in Western Canada. Because the company's executives travel frequently, they are often unavailable to address employees' questions about collecting on overdue accounts. It was therefore imperative that employees have an alternate source of information on the subject.

The collection policy was created for that purpose by the firm's president, vice-president, finance and vice-president, sales/marketing. Each decision taken under the policy by one of the senior executives is communicated to the other executives, using E-mail if they are on the road. The company reports the collection policy is keeping its cash flow strong – and its goals clearly focused.

What does the policy cover?

The most effective collection policies cover the following points, in a concise manner:

- the company's turnover goal for accounts receivable;
- procedures to take when accounts are overdue. For instance, when an account is five days overdue, the company contacts the buyer to ensure no problems exist with the product or service. The buyer is reminded of the terms of sale and is requested to provide payment immediately. Two or three follow-up steps are specified, along with the timing;
- when an overdue account will be placed with an agency. Company costs vs. agency costs are outlined at various stages in the process (e.g., at 45 days overdue); and
- when a defaulting buyer will be cut off. The payment timeframe has been shortened over the past few years, and a cutoff at 45 days overdue is now more common than 90 days.

Each company will have to take its industry norms and practices into account when formulating a collection policy. All signs, however, indicate that many companies are adopting stricter rules and policies for collecting on overdue accounts.

Debunking the myth

The collection policy is often viewed as a large binder full of do's and don'ts, which invariably ends up gathering a fine coat of dust on someone's bookshelf. In reality, the policy is usually less than one page long and can easily be incorporated into a company's day-to-day operations.

The collection policy is only effective, however, when the entire organization has bought into it and when employees throughout the organization have helped create it.

***Paul McKenna**, Claims Officer*

Claims paid

January 1-July 31, 1995

Companies	Claims	Cdn total
171	342	$14,739,735

Export markets	# of claims
Africa	1
Asia and Middle East	4
Caribbean and Latin America	49
Europe	13
U.S.A.	275
Risks	
Default	229
Insolvency	76
Termination of contract	2
Repudiation	2
Political and transfer	33
Payments	
Under $5,000	144
Between $5,000 and $100,000	146
Between $100,000 and $1 million	48
Over $1 million	4

Lines of credit and other export financing

EDC has many types of export financing facilities to simplify the purchase of Canadian goods and services by buyers in export markets.

These facilities fall into three broad categories: supplier credit financing, buyer credit financing and protocols.

One example of supplier credit financing is a note purchase agreement. Under such an agreement, EDC purchases from an exporter a series of promissory notes issued by a foreign buyer to the exporter upon the sale of goods or services.

Buyer credit financing includes direct loans and lines of credit. Direct loans are a financing arrangement between EDC and a buyer, or a borrower on behalf of a buyer, for a pre-determined transaction. Loans usually involve large transactions with long repayment terms.

Lines of credit are a streamlined form of financing in which EDC lends money to a foreign bank, institution or purchaser, which then onlends the necessary funds to foreign purchasers of Canadian goods and services. Interest rates, repayment terms and other details are prearranged between EDC and the foreign borrower, which speeds up turnaround time. Transactions supported under lines of credit are usually valued at between US$50,000 and US$5 million. EDC currently has 48 lines of credit, providing easy access to export financing for buyers in some 22 countries.

Protocols are general frameworks between EDC and a foreign financial institution under which EDC offers to consider, on a case-by-case basis, guarantees from that financial institution for EDC's financing of subsequent transactions.

It is important to note that:

- **EDC's financing and insurance services are not limited to those countries in which EDC has established lines of credit.**
- **These lines of credit are not the only way in which EDC will do business in these markets.**
- **If you are thinking about exporting but have never used one of EDC's lines of credit, it is wise to contact EDC as early as possible.**

For more information on how EDC export financing can help you close a deal abroad, contact the regional office nearest you. (Refer to the contact list on the inside back cover.)

CATEGORIES

Overseas Area Code = 011

1) **Borrower**
2) **Signing amount**
3) **Repayment terms**
4) **Buyer's contact with borrower**
5) **Borrower's North American representative**

Lines of credit

MEXICO & SOUTH AMERICA

Andean Pact

1) **Corporación Andina de Fomento***
2) US$70 million
3) 3 to 8 years
4) Mr. Fernando Infante
Capital Markets Group
Tel.: 582-209-2283
Fax: 582-209-2329

* For Bolivia, Colombia, Ecuador, Peru and Venezuela

Argentina

1) **Banco de Galicia**
2) US$10 million
3) 2, 3, 5 or 7 years
4) Mr. Carlos López, International Department
Tel.: 541-329-6487/6488
Fax: 541-329-6486

1) **Banco Río de la Plata**
2) US$10 million
3) 3, 5 or 7 years
4) Mr. Ricardo Sturla, Manager
Correspondent Banking
International Department
Tel.: 541-331-7551
Fax: 541-331-5444

1) **Banco Roberts**
2) US$5 million
3) 2, 3, 5 or 7 years
4) Mr. Carlos Olmo
Tel.: 541-331-5246
Fax: 541-334-6404

1) **Bridas S.A.P.I.C.**
2) US$25 million
3) 3 to 7 years
4) Mr. Horacio P. Ferraro
Manager, Financing Department
Tel.: 541-311-0111
Fax: 541-312-9174

1) **IMPSA**
2) US$15 million
3) 3 semi-annual installments

4/5) Mr. Claudio Troglia
Director of Purchasing
Tel.: 402-344-7093
Fax: 412-344-7009

1) **Telecom Argentina Stet-France Telecom S.A.**
2) US$45.2 million
3) 3 to 8.5 years
4) Mr. Pedro Insussarry/Ms. Christel Maulhardt
Manager
Tel.: 541-968-3068
Fax: 541-313-5842

1) **Telefónica de Argentina S.A.**
2) US$25 million
3) 3 to 8.5 years
4) Mr. Raul Rolandi
Tel.: 541-325-0190
Fax: 541-325-1920

1) **Total Austral S.A.**
2) US$25 million
3) 2 to 8.5 years
4) Mr. Joseph Castaing
Tel.: 541-394-8167
Fax: 541-325-8272

1) **Transportadora de Gas del Norte S.A.**
2) US$5 million
3) 2 to 5 years
4) Mr. Orlando Paolini
Tel.: 541-865-8730
Fax: 541-865-8768

Argentina, Brazil, Colombia

1) **Bank of Boston**
2) US$15 million
3) 2 to 8 years
4) Mr. Julio Laffaye
Tel.: 541-343-8039
Fax: 541-343-7860
5) Mr. Hugo Owen, Vice President
Tel.: 617-434-3107
Fax: 617-434-1188

Brazil

1) **Petrobrás**
2) US$15 million
3) 5 years
4) Mr. Carlos Alberto Massena Barbosa
Tel.: 5-521-534-1454/1457
Fax: 5-521-534-4278

1) **Unibanco-Uniâo de Bancos Brasileiros**
2) US$15 million
3) 2, 3, 4 or 5 years
4) Ms. Lina Van Erven/Ms. Maria Lucia Tanabe
Manager, Correspondent Banking
Tel.: 5-511-867-4759/4940
Fax: 5-511-814-0528

Chile

1) **Banco O'Higgins**
2) US$10 million
3) 2 to 8 years
4) Mr. José Luis Silva Carramiñana
Deputy Manager, International Division
Tel.: 562-630-4168
Fax: 562-671-7152

1) **Banco Sudamericano**
2) US$10 million
3) 2 to 8 years
4) Mr. Thierry Houttekier, International Division
Tel.: 562-692-6558
Fax: 562-692-6570

1) **Compañía de Teléfonos de Chile**
2) US$15 million
3) 3 to 8 years
4) Mr. Alejandro Rivera Stambuk
Head of Financing and Investor Relations
Tel.: 562-698-0163
Fax: 562-696-1319

Colombia

Due to the specialized requirements of the market, EDC does not have a line of credit program in Colombia. However, EDC's full range of financing programs are available through the country's leading financial institutions, including:

Banks

For large/small transactions: **Banco Ganadero, Banco Cafetero, Banco de Colombia and Banco de Bogotá**

For smaller transactions: **Banco Industrial Colombiano, Banco Unión Colombiano, Banco del Estado and Banco Comercial Antioqueño**

Financial corporations

Corfinsura, Corfivalle and Instituto de Fomento Industrial (IFI)

Mexico

1) **Banca Serfin, S.A.**
2) US$20 million
3) 5 years
4) Mr. José Carrassó Arnaiz
Vice President, International Division
Tel.: 525-512-1009
Fax: 525-625-5613
5) Ms. Paloma Healey, Chief Representative
Tel.: 416-360-8900
Fax: 416-360-1760

1) **Banco Nacional de Comercio Exterior, S.N.C. (Bancomext)**
2) US$90 million
3) 5 to 8 years
4) Mr. Miguel Angel Burelo
Vice-President, International Banking
Tel.: 525-327-6070
Fax: 525-327-6076
5) Mr. Marco Espinosa
Trade Commissioner of Mexico
Tel.: 416-867-9292
Fax: 416-867-1847

1) **Banco Nacional de México, S.A. (Banamex)**
2) US$75 million
3) 5 years
4) Ing. Guillermo Jiménez S.
Director Adjunto de Comercio Exterior
Senior Vice President
International Trade Finance
Tel.: 525-225-5530
Fax: 525-225-4763
5) Mr. Max Avila, Chief Representative
Tel.: 416-368-1399
Fax: 416-367-2543

1) **Banco Nacional de Obras y Servicios Públicos, S.N.C. (Banobras)**
2) US$20 million
3) 5 to 8 years
4) Mr. Rubén Domínguez Solís
Assistant Director of Finance
Tel.: 525-723-6020
Fax: 525-723-6291

1) **Bancomer, S.A.**
2) US$75 million
3) 5 years
4) Ms. Cecilia Sáenz y Sáenz
Vice-President, Import Financing
Tel.: 525-621-3861/3491
Fax: 525-621-4758/7635

1) **Comisión Federal de Electricidad (CFE)**
2) US$30 million
3) 5 to 8 years
4) Mr. Antonio García de la Parra
Credit Manager
Tel.: 525-553-6559/229-4457
Fax: 525-286-1456

1) **Nacional Financiera, S.N.C. (Nafin)**
2) US$28 million
3) 5 to 8 years
4) Mr. Jorge Muñoz Cuevas
Manager, Bilateral Financing
Tel.: 525-325-7022/7023
Fax: 525-661-9542

1) **Petroleos Mexicanos (Pemex)**
2) US$14.5 million
3) 5 to 8 years
4) Mr. Guillermo Christy Vera
Associate Managing Director of Finance
Tel.: 525-250-6478
Fax: 525-254-1896

1) **Teléfonos de México, S.A. de C.V. (Telmex) (under review)**
2) US$35 million
3) 3 to 7 years
4) Mr. Gustavo León Méndez, Treasury
Tel.: 525-222-1153
Fax: 525-203-5972

U.S.A. & CARIBBEAN

Trinidad and Tobago

1) **Central Bank of Trinidad and Tobago**
2) US$15 million
3) up to 8.5 years
4) Mr. Nigel Crichton, Operations Officer
Foreign Exchange and Investment Department
Tel.: 809-625-0014
Fax: 809-627-4696

EUROPE

Czech Republic

1) **Ceskoslovenska Obchodni Banka**
2) US$20 million
3) 2, 3, 4 or 5 years
4) Mrs. Jaroslava Sindelarova, Manager, Interbank Credit Relations and Trade Finance-Import
Tel.: 42-2-2411-42-48
Fax: 42-2-231-14-78

1) **Investicni A Postovni Banka**
2) US$10 million
3) 2, 3, 4 or 5 years
4) Mr. Jiri Vanhara, Director
Correspondent Banking and International Business
Tel.: 42-2-2407-20-70
Fax: 42-2-2407-22-95

1) **Komercni Banka a.s.**
2) US$10 million
3) 2, 3, 4 or 5 years
4) Mr. Jaroslav Jirasky, Regional Manager
Correspondent Banking, International Division
Tel.: 42-2-2119-2416
Fax: 42-2-2421-8880

Hungary

1) **National Bank of Hungary (Magyar Nemzeti Bank)**
2) US$15 million
3) up to 8.5 years
4) Mr. Sandar Pataki, General Manager
International Capital Market Dept.
Tel.: 36-1-112-2869
Fax: 36-1-153-0253

Lines of Credit

Slovak Republic

1) **Ceskoslovenska Obchodna Banka, A.S., Foreign Branch in the Slovak Republic, Bratislava**
2) US$10 million
3) 2, 3, 4 or 5 years
4) Mr. Roman Behul, Head of The Export-Import and Financing Department
   Tel.: 42-7-345-250
   Fax: 42-7-330-538

AFRICA, MIDDLE EAST & FORMER SOVIET UNION

Israel

1) **Bank Hapoalim B.M.**
2) US$10 million
3) 3, 5 or 7 years
4) Ms. Yona Rosenberg
   Foreign Trade Department
   Tel.: 972-3-567-3424
   Fax: 972-3-567-4548

1) **Bank Leumi Le-Israel B.M.**
2) US$10 million
3) 3, 5 or 7 years
4) Ms. Miriam Salzman, Assistant Manager
   Tel.: 972-3-514-8630
   Fax: 972-3-664-496

1) **United Mizrahi Bank Limited**
2) US$10 million
3) 3, 5 or 7 years
4) Mr. Chana Chefer, Foreign Trade Department
   Tel.: 972-3-567-9011
   Fax: 972-3-567-9028

1) **The Israel Electric Corporation**
2) US$19.5 million
3) 5 or 12 years
4) Ms. Ilana Blechner
   Finance, Trade, Insurance Department
   Tel.: 972-4-548-272
   Fax: 972-4-515-597

Kuwait

1) **Ministry of Finance, State of Kuwait**
2) US$500 million
3) 5 or 8.5 years
4) Mr. Abdulla Al-Fuwaires, Acting Director
   Kuwait Investment Authority
   Tel.: 965-243-9595
   Fax: 965-240-7617

Lithuania

1) **Ministry of Finance**
2) Cdn$10 million
3) up to 8.5 years
4) Ms. Ruta Skyriene
   Head of State Debt Management
   Tel.: 37-2-620-919
   Fax: 37-2-227-424

Romania

1) **Banca Romana de Comert Exterior S.A. Buchresti**
2) up to US$10 million
3) up to 8.5 years
4) Mr. Marius Vieru, Area Manager
   Tel.: 40-1-614-9947
   Fax: 40-1-311-2752

South Africa

1) **ABSA Bank Limited**
2) US$10 million
3) 3 to 8.5 years
4) Mr. Rudolph Van Schalkwyk, Divisional Head
   International Structured Finance
   Tel.: 011-330-3111
   Fax: 011-330-3064

1) **First National Bank of Southern Africa Limited**
2) US$10 million
3) 3 to 8.5 years
4) Mr. Hubert Brody, Manager
   International Business Centre
   Tel.: 011-371-6583
   Fax: 011-371-6888

1) **Impofin (Pty) Limited (Alusaf Project)**
2) US$60 million
3) up to 8.5 years
4) Mr. Dirk van Staden, General Manager
   Industrial Development Corporation
   of South Africa Ltd.
   Tel.: 011-883-1600
   Fax: 011-883-3643

1) **Impofin (Pty) Limited**
2) US$15 million
3) up to 8.5 years
4) Mr. Dirk van Staden, General Manager
   Industrial Development Corporation
   of South Africa Ltd.
   Tel.: 011-883-1600
   Fax: 011-883-3643

1) **Nedcor Bank Ltd.**
2) US$10 million
3) 3 to 8.5 years
4) Mr. Brennan Nelson, Senior Manager
   International Division
   Tel.: 011-630-7365
   Fax: 011-630-7231

1) **The Standard Bank of South Africa Limited**
2) US$10 million
3) 3 to 8.5 years
4) Mr. Gerald Nolan, Senior Manager
   Financial Institutions
   Tel.: 011-636-7378
   Fax: 011-643-2242

Tunisia

1) **Ministry of International Cooperation and Foreign Investment**
2) US equivalent of Cdn$100 million
3) up to 10 years
4) Mr. Abdelhamid Bouhawala
   Tel.: 216-1-798-522
   Fax: 216-1-799-069

ASIA & PACIFIC

China, People's Republic of

1) **Bank of China**
2) Approximately US$300 million or its equivalent in Cdn. or other acceptable foreign currencies**
3) up to 10 years
4) Mr. Gu Rubai, General Manager
   Second Credit Department
   Tel.: 8610-601-6688
   Telex: 22254 BCHO CN
5) Mr. Yiheng Chen, President and CEO
   Tel.: 416-362-2991

1) **Bank of Communications**
2) (Renewal under negotiation)**
3) up to 10 years
4) Mr. Shi Fulin, Deputy General Manager
   Forex Credit Department
   Tel.: 86-21-275-1234
   Fax: 86-21-275-6224

1) **People's Construction Bank of China**
2) (Renewal under negotiation)**
3) up to 10 years
4) Mr. Wang Xiayan, Manager
   International Department
   Tel.: 8610-851-5275
   Fax: 8610-851-5285

** Concessional financing terms may also be considered by the Government of Canada through EDC. These funds are limited and special criteria apply.

Indonesia

1) **Bank Umum Nasional (BUN)**
2) US$10 million
3) up to 7 years
4) Mr. Kalimuda Sinaga, Assistant Vice President
   Correspondent Banking Services
   Bunas Center
   Tel.: 62-21-231-2828
   Fax: 62-21-231-2929

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* *This list is in effect until October 31, 1995.*

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